Daily Report

Latin America

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FBIS-LAT-89-233 *6 December 1989*

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Group of Eight Issues 'Buenos Aires Declaration'

PY0512223989 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1715 GMT 5 Dec 89

[Text] Buenos Aires, 5 Dec (NA)—After 2 days of deliberations, the Group of Eight member countries agreed today to adopt a number of measures to reduce intraregional trade tariffs, to eliminate other nontariff barriers, and "to begin a progressive coordination of macroeconomic policies," among other measures to facilitate Latin American integration.

In a joint statement called the "Buenos Aires Declaration," the foreign affairs and economic and planning ministers of the "Group of Eight" announced that they will meet every 6 months to verify and expand the agreements signed today to establish a Latin American common market by 1992.

During a news conference at the Alvear Palace Hotel, Argentine Foreign Minister Domingo Cavallo, who has acted as the group's spokesman, released the five-page declaration. The document also reports the group's decision to hold a technical meeting in March 1990 to study proposals to finance the infrastructure projects that integration will require. The venue for this meeting, which will take place before the meeting of ministers to be held in Mexico, has not yet been set.

Answering a question from NOTICIAS ARGENTINAS, Cavallo stated that the Inter-American Development Bank (IDB) will have some $22.5 billion available for those objectives, should its member countries decide to increase their capital.

The ministers of Argentina, Brazil, Venezuela, Colombia, Peru, Uruguay, and Mexico, after a working breakfast with President Carlos Menem, announced that they have agreed "to discuss the problems pertaining to maritime, land, and multisystem transport" at a meeting of "Group of Eight" ministers of communications and transport to be held in Brasilia. They have also asked Argentina to identify integration projects and financial possibilities in that area that could result from, for example, deregulating air transportation among member countries.

Regarding complementary programs, they have decided "to facilitate capital investment by binational or multinational companies." An analysis of existing laws regarding the creation of these enterprises will be made.

Regarding scientific and technological cooperation, they have agreed to hold a meeting of ministers in these fields in August 1990 to establish new mechanisms and programs for scientific and technological association and cooperation.

The adopted resolutions were decided upon in compliance with the decisions made by the "Group of Eight" presidents in Ica, Peru, on 12 October 1989.

The following trade measures were adopted:

I. Elimination of nontariff barriers on reciprocal trade.

II. Expansion and strengthening of the Regional Tax Preference (PAR) [Preferencia Arancelaria Regional] for all sorts of products.

III. Expansion and strengthening of bilateral agreements.

IV. Reduction of tariff levels applied to reciprocal trade through successive rounds of trade negotiations among Latin American countries.

With this objective, they have decided to immediately adopt and implement the following trade measures before July 1990:

a) To ratify the commitment not to add new nontariff measures to existing ones when this meeting is held.

b) To eliminate as of 1 April 1990 the nontariff restrictions on products benefiting from the Regional Tariff Preference.

c) All member countries must adopt the current Regional Tariff Preference.

d) To increase by 50 percent the current levels of the Regional Tariff Preference.

e) To reduce each country's list of exceptions to the Regional Tariff Preference by 10 percent. These lists will be allowed to be modified only at this time, respecting the limits agreed on before 1 April 1990.

f) To recommend that all member countries adopt the regional agreements on requests for import transactions and preference prices.

g) To establish, as soon as possible, a timetable to harmonize policies of export promotion to guarantee the greatest clarity in intraregional trade operations.

h) To pass, within ALADI [Latin American Integration Association], the necessary instruments to implement the measures mentioned above before 1 April 1990.

i) To propose a first round of trade negotiations among ALADI member countries during the second half of 1990 with the aim of progressively advancing toward the elimination of nontariff measures and the reduction of trade tariffs. This round of negotiations will be preceded by a meeting of foreign trade representatives of the respective countries in July 1990 with the objective of establishing the modus operandi of these negotiations, which are aimed at determining how to strengthen bilateral agreements and evaluate the fulfillment of the commitments mentioned above.

Ministers Issue Declaration on Central America

PY0512200289 Buenos Aires TELAM in Spanish 1256 GMT 5 Dec 89

[Text] Buenos Aires, 5 Dec (TELAM) — In view of what they consider a rapid deterioration of the situation in El Salvador, the foreign ministers of the Permanent Mechanism for Consultation and Political Agreement have made known that "they deeply lament the progressive abandoning of the peace process that the Central American presidents set up with Esquipulas II and in Tela."

In a declaration issued within the framework of the meeting that began here 4 December, the Group of Eight foreign ministers urge the parties concerned to promote an immediate and effective cessation of hostilities.

They also reiterate their conviction that the commitments that have been adopted will provide an adequate structure for the achievement a firm peace. Furthermore, the ministers urge "all countries that have links to or interests in Latin America to abstain from taking any action that could affect the legitimate democracy of the region's governments, which were elected by popular ballot."

Argentine Minister Comments on Meeting

PY0512124889 Buenos Aires TELAM in Spanish 2350 GMT 4 Dec 89

[Excerpt] Buenos Aires, 4 Dec (TELAM)—Today the foreign ministers from the Group of Eight countries appealed to all parties involved in the Salvadoran conflict to "eschew confrontation, seek negotiations, and again resort to the mechanism of meetings among the Central American presidents to seek ways to implement the Esquipulas II and Tela treaties."

This information was supplied by Argentine Foreign Minister Domingo Cavallo at the end of the first round of negotiations that the foreign, economy, and planning ministers of the Group of Eight held on 4 December. The Group of Eight ministers will close their meeting tomorrow morning after issuing a joint declaration addressing the three issues under discussion.

About an eventual Central American presidents conference to be hosted by Argentina, Foreign Minister Cavallo said: "The Central American presidents have decided to hold this summit in a Central American country. Although there is no official confirmation yet, it is believed the summit will be held in Costa Rica." The summit will be held from 9-11 December, as originally scheduled.

Speaking about the first round of negotiations, Cavallo said: "All the delegations agree on the need to accelerate the integration process through the mechanisms stipulated by the Latin American Integration Association (ALADI), and by taking advantage of certain characteristics that may help us overcome any possible obstacles to the integration process." [passage omitted]

Cuba

Commentator Hails Nicaraguan Summit Proposal

FL0612000689 Havana Radio Reloj Network in Spanish 2056 GMT 5 Dec 89

[Commentary by Rogelio Wilfrido Milian]

[Text] The unfolding of recent events in Central America indicates that the situation has taken a course that will inevitably spark a new spiral of violence in the area, but Nicaragua shed a light of hope amid this gloomy outlook by proposing a special presidential summit. The five Central American presidents have already confirmed that they will attend the summit, which will be held in Costa Rica beginning on 10 December.

We should note that the summit was to be held in Managua and that the Salvadoran president refused to go to Nicaragua. There can be no doubt then that the Sandinist officials, by making new concessions, have again demonstrated their true desire to promote peace, in addition to having strictly complied with the Tela accords.

By successfully proposing a special Central American summit, instead of endorsing the maneuvers and biased actions of some Central American governments, Nicaragua has again forced these governments against the wall by refuting their charges of alleged Sandinist violations to the regional peace process.

The Salvadoran regime led by ultrarightist Alfredo Cristiani never expected Managua to respond in this way to its decision to suspend bilateral relations. If in so doing the Cristiani regime expected to avoid a meeting at which he would have to explain the brutal strafing of civilian populations by the Salvadoran Air Force, he does not have any alternative now. No one wants to take the defendant's stand, yet this is the most fitting stand history has in store for Cristiani.

Webster's Statements on CIA Activities Mocked

FL0512195889 Havana Tele-Rebelde Network in Spanish 1200 GMT 5 Dec 89

[Commentary by Roberto Agudo]

[Text] Recently, Mr. William Webster, the CIA director, rambled on about various current events while he reiterated the true essence of U.S. foreign policy. During a press conference held at the Press Club, in Washington, D.C. naturally, he said that the intelligence services—espionage services, I would say—will have to reorient their tasks by increasing their activities because of the events that are taking place in Eastern Europe. After theorizing about, let's say, the responsibility of the United States in what he termed the growing threat of instability presented by the changes taking place in the world, the CIA director referred to counterterrorism—in other words, to true liberation movements.

Then he discussed El Salvador and the seizure of an arms shipment aboard a plane, which frankly, only he could believe. [sentence as heard] The statement was an integral part of the publicity boom [preceding word in English] that tried to involve the Soviet Union, Nicaragua, and Cuba in the events in El Salvador. A chain of ridicule followed the insidious statements of Mr. Webster. First, the Pentagon proved him wrong when it indicated that, because of tactical reasons, the arms were not Soviet. Remember that this event took place a few days prior to the floating summit in Malta. Afterward, a spokesperson for the Salvadoran rebels eventually said that they bought arms from the Nicaraguan contras. Let me clarify this; they bought arms [that are] precisely part of the contraband that the CIA and the Pentagon give to the anti-Sandinist mercenaries. To top it off, 2 days later, a setback was reported—the one the world already knows as the Kamina operation. The accident of a U.S. plane of the CIA over Angolan territory while it carried out a supply mission to the National Union for the Total Independence of Angola [UNITA] from Kamina, Zaire once again uncovered U.S. intervention in a domestic conflict. The lives of four or five CIA officers, several UNITA henchmen, and part of the $80 million that the United States supplies to that counterrevolutionary group disappeared when the plane, an L-100 that is very similar to a Hercules 130, crashed in southeast Angola.

After that, Mr. Webster, the CIA director, disappeared from the propaganda world. Like the ostrich, he hid his head; and also like the ostrich, he left the rest of his body exposed, particularly the less modest part and the one without feathers.

In conclusion, there are two simple facts. First, the CIA officially has 16,000 officials. It has hundreds of stations, let's say operation units, in 150 countries; and two third thirds of its millionaire budget is assigned to what are called secret, or covert, operations. Second, it is estimated that during the last 2 decades, through coups d'etat, subversive operations, attacks (?organized by) counterrevolutionary groups, etcetera, the United States—through the CIA—has contributed to the death of over 3 million people.

Cuba, Nicaragua, El Salvador, Panama, Afghanistan, the Iran-contra case, Southeast Asia, the south African region, and the Middle East are examples of this U.S. policy of state terrorism.

Chile Rejects Fidel Castro's Mediation Offer

FL0512143789 Mexico City NOTIMEX in Spanish 2038 GMT 4 Dec 89

[Text] Santiago, 4 Dec (NOTIMEX)—Chilean Foreign Minister Hernan Felipe Errazuriz today stated that President Fidel Castro is lost and rejected Castro's offer to mediate in negotiations to obtain a sea outlet for Bolivia through Chile.

Castro's offer was also rejected by a moderate faction of the Chilean Socialist Party, which regarded Castro's remarks as clumsy and unnecessary.

Jorge Arrate, leader of the moderate socialist faction, stated that Castro could not act as a mediator, because there are no border conflicts between Bolivia and Chile and because the Cuban chief executive is not someone who will elicit consensus in Chile.

Errazuriz stated that Castro is just a relic who is out of touch with history. He charged Castro with having intervened in the domestic affairs of Bolivia and Chile in the sixties, when he sent arms and trained guerrillas.

Errazuriz stated that the Cuban president is not qualified to mediate in any international conflict, let alone in Chilean affairs. In any case, he said, Chile has no border problems with Bolivia.

The Chilean-Bolivian dispute stemmed from the war of 1879, when Chile conquered territories belonging to Bolivia and Peru, and left Bolivia without an outlet to the Pacific Ocean.

The fact that Castro has some friends among members of parties that are within the Coalition of Parties for Democracy—an opposition coalition consisting of parties from the right, center and left—does not authorize him to comment on the Chilean domestic political situation.

Castro said in La Paz, Bolivia, [as received] that he is willing to help promote a rapprochement between Bolivia and Chile to put an end to the Bolivian landlocked situation.

Angolan President Dos Santos Arrives in Havana

FL0512224289 Havana Radio Reloj Network in Spanish 2055 GMT 5 Dec 89

[Text] Jose Eduardo Dos Santos, president of the People's Republic of Angola and of the Popular Movement for the Liberation of Angola-Labor Party, has just arrived in our country on an official, friendly, working visit.

Commander in Chief Fidel Castro, first secretary of the Central Committee of the Communist Party of Cuba and president of the Councils of State and Ministers, welcomed the Angolan president at the foot of the airplane steps.

Risquet Meets With Bangladesh Communist Leader

FL0612001189 Havana Radio Reloj Network in Spanish 2043 GMT 5 Dec 89

[Text] Jorge Risquet Valdes, member of the Politburo and secretary of the Central Committee, met today with Ahmed Manik, general secretary of the Communist Party of Bangladesh, who is visiting our country in response to an official invitation.

At the meeting, which was held in a friendly and fraternal atmosphere, Manik described the dramatic situation of the Bangladesh people. He outlined the problems stemming from the high population density, that is, 110 million people living in an area smaller than 150,000 square km. He also noted that wealth is concentrated in the hands of 200 families, that land ownership is based on a feudal system, that multinational companies have great influence, and that their people endure political oppression.

Commenting on the Cuban revolution and on its leader, Fidel Castro, Manik said that both are highly (?respected) in Bangladesh and that his party has closely followed the Cuban process.

For his part, Risquet discussed at length the process of building socialism in our country. He referred to both achievements and failures and to plans and programs designed to resolve the basic problems to promote a socialist socioeconomic development under today's complex and difficult conditions. He reiterated the decision of the Cuban people, under the party's leadership, to continue to defend the cause of the revolution and to further the process of rectifying errors and of reversing negative trends.

Risquet and Manik also broadly discussed the international situation, especially the serious economic problems affecting Third World countries.

Grenada

Ministers Accuse Unions of Making 'Rash Decision'

FL0512193989 Brigetown CANA in English 1637 GMT 5 Dec 89

[Text] St George's, Grenada, Dec 5, CANA—Three Grenada Government ministers appealed for calm in the wake of a strike by civil servants over the administration's failure to pay them arrears on time. Ministers George McGuire, Pauline Andrews, and Ben Jones were addressing a public meeting in the rural parish of St Patrick's.

Andrews, a junior minister, accused the unions representing the workers of making a "rash decision" in arriving at the decision on Friday to go on strike. She told the crowd, many of whom shouted calls for their back pay, that government is committed to paying the money whenever it becomes available. "We are committed to our obligations. We have never lied ...," said Andrews, the minister of state for agriculture and tourism. "Going on strike is not going to help Grenada. It won't help any of us," she added.

Government owes Grenada's estimated 7,000 civil servants an estimated EC25 million dollars in back for the 1987-89 period. It was due to pay the money on 1 December, but one day before the deadline, it called in the workers trade union leaders and informed them of its inability to pay the money.

"...I am asking for calm because in the final analysis we would be hurting ourselves," Andrews said. "Let us ask, let us pray to the prince of peace for continued peace in Grenada. We need it at this time. Let us pray for a level head."

McGuire blamed the problem on the failure of government's negotiating team to heed the advise of Prime Minister and Minister of Finance Herbert Blaize to settle for a wage bill of 8 million EC dollars. He said the team, under threat of strike, agreed in September to pay the workers 13.5 million dollars coupled with the arrears. "We have disobeyed the wise, the man that is honest, the one whose integrity is unquestioned in this land and beyond", he added. He urged Grenadians to remain calm and not to allow political opponents of the government "to misguide you and to play on your emotions".

Jones, who is the deputy prime minister and minister of external affairs, took issue with what he said was the attempt by some politicians to manipulate the workers. He called on civil servants "to resist moves by people who are trying to exploit their disappointment of not getting the money". Jones' national party along with the other major political parties in Grenada have already started their campaigning for general elections to be held no later than March.

Haiti

Electoral Council Modifies Election Calendar

FL0512213689 Port-au-Prince Radio Metropole in French 1500 GMT 5 Dec 89

[Excerpts] There will be a new electoral calendar soon. The Provisional Electoral Council [CEP] announced yesterday that a new draft calendar would be submitted to the executive in the next few days. This new calendar, simpler than the last one, which gave rise to numerous protests from the political class, will take into account the suggestions of the different political parties and groups, according to the CEP. Reporter Rothschild will tell us about this.

[Rothschild] The idea of holding elections by geographical department has been rejected. The CEP has decided to hold all municipal, legislative, and presidential elections simultaneously.

These decisions will be confirmed in the next few days through the publication of a new election calendar, says CEP Secretary General Jean Gerard Pierre. According to the CEP spokesman, this [word indistinct] is a synthesis of the different suggestions made by political party leaders during the second series of meetings they had with the CEP last October.

[Begin recording, in Creole] [Pierre] We said there were two kinds of changes (?that could be made): fundamental changes and changes in the technical arrangements. For example, the matter of elections in three steps is a fundamental change that was supported by the majority of those consulted, who gave their reasons for asking this. Then there are the technical arrangements, choices we ourselves made for reasons of security, communications, or other reasons. We are going to make changes in what we ourselves decided on, the initiatives we ourselves took as a council. [passage omitted]

Both the elections for Administrative Councils for the Communal Sections and the municipal elections can be held simultaneously, nationwide, (?as requested). Legislative elections can also be held simultaneously all over Haiti. We think we can thus satisfy these people.

[Reporter] Will the elections still be held on the same dates?

[Pierre] No. That is, the dates will be the same up to a point. They will not be held at different times in different geographical departments. They will all be held at once. Thus, we chose a date in keeping with this change. That is, instead of holding elections in several departments on one date and in several other departments on another date, now that these elections are going to be held simultaneously, we chose a date that is in keeping with this. Thus it is normal that there is a change in the dates. [end recording]

We remind listeners that the CEP adopted the idea of holding elections by geographical departments to be able to better supervise the electoral operations. In support of this idea of holding elections by departments, the CEP specially mentioned the precariousness of communications and the lack of sufficient Haitian Armed Forces troops to guarantee security for the elections. Jean Gerard Pierre thinks this problem is still the order of the day. He feels the success of these first democratic elections will depend on every individual's desire to have them succeed.

Asked about the aid from abroad the CEP is counting on for the holding the elections, Mr. Pierre told us that a committee in charge of this has been formed within the CEP. The Reverends Jacques Jovin and Pauris Jean-Baptiste are the members of this committee.

The CEP, which has moved its general headquarters to the former CEP headquarters of 1987 located on Pavee Street, declares itself better prepared now to manage any aid for the elections that might be forthcoming from friendly countries.

[Begin recording, in Creole] [Pierre] If there were many countries missing from among the representatives we assembled at Villa Moira, it was because the countries present were the countries that offered us help as soon as the CEP was formed. They were always offering us aid, and every time they came to meet with us here, or whenever we met them in connection with national days, they always offered to give us help. We kept telling them that since we had not yet inventoried our needs, hadn't counted them, we could not tell them what we needed. At one time we had a definite position on the matter; but now that we are at our headquarters and can inventory

our needs; now that we know what we have and do not have, what we need; to not do things in bits and pieces, we chose to assemble the ambassadors of all these countries that had offered us aid on their own initiative, to see to what extent we could count on this aid, so that other things would not get mixed up in it, understand? I mean, this is a technical problem. [end recording]

The CEP also made public on 4 December a very full timetable of activities for the month, including among other things the appointing of the members of the Departmental Electoral Offices and the Communal Electoral Offices. [passage omitted]

In any case, although the nine members of the CEP's management council have caught election fever, this election fever has not yet reached certain political groups, which remain skeptical regarding the holding of true elections in Haiti.

Still, in connection with these electoral operations, other political parties note with stupefaction and anxiety the recent trips made by General Prosper Avril—in particular his trip to southern Haiti.

Town of Mirebalais Covered With Avril Slogans

FL0512225989 Port-au-Prince Radio Nationale in Creole 1200 GMT 5 Dec 89

[Report by Eliezer Etienne]

[Excerpt] On Monday 4 December 1989, Mirebalais awakened to find written all over the walls in town, especially at the national lycee, "Down with Communists", "Long live Avril for 5 years", and "We want Avril for president of Haiti".

We remind our listeners that this kind of slogan appeared in Mirebalais for the first time under the National Government Council, when the town awoke to find the slogans on the walls. Well, now here they are again.

This has badly shaken the lycee's students, for there many slogans at the lycee. We can assure you that there was much reaction before the students went into the lycee.

Also, the 3-day strike called by the National Confederation of Haitian Instructors [CNEH] has begun in Mirebalais, especially at the national lycee. The lycee's administration had asked the lycee's teachers to come in for a meeting to plan the exam schedule for the first quarter on Monday 4 December. The teachers categorically refused, because they have not yet received their pay for the month of October. [passage omitted]

CATH Holds Press Conference 4 December

FL0512233389 Port-au-Prince Radio Nationale in Creole 1200 GMT 5 Dec 89

[Excerpts] Waste in the national economy and all kinds of repression were the subject of a news conference called yesterday morning by the Autonomous Organization of Haitian Workers [CATH] Information Secretary Joseph Manusi Pierre. Pierre denounced the presence of armed civilians circulating with impunity throughout Haiti, especially in the capital, where they are sowing terror. Pierre said this has increased the climate of intimidation and insecurity in Haiti. No one knows to what group these armed civilians belong, Pierre said. [passage omitted]

[Begin Pierre recording] The nation's political atmosphere is heavily overcast. Anyone can see that there is lots of lightning flashing in the skies of Haiti. Ambition (?for) power and big bucks is turning the heads of the little black men of Haiti. They take pleasure in setting traps along all paths to the sun. Lies and injustice reign supreme. The nation has sunk to an all-time low.

This group, which confiscated power on 17 September 1989, has inflicted stab wounds all over the nation's body and has made it bleed its last drop of blood. Now it is bleeding only water. [end recording]

Japan Donates $4.4 Million to Government

FL0612015889 Port-au-Prince Radio Nationale in Creole 1200 GMT 5 Dec 89

[Excerpt] Two agreements between the Haitian and Japanese Governments were signed yesterday morning at the Foreign Ministry. Through these agreements, the Japanese Government is going to make the Haitian Government a gift of 633 million yen, or $4.4 million. This money will allow the Haitian Government to buy fertilizer, pesticides, and agricultural equipment within the framework of the project to increase food production and to control malaria in Haiti. [passage omitted]

Salinas Discusses Economic Growth Pact Extension

PA0512181989 Mexico City Red Nacional 13 Imevision Television in Spanish 1300 GMT 4 Dec 89

[Text] Representatives of the labor, peasant, and business sectors have signed a new agreement extending the Economic Growth and Stability Pact [PECE] for another 4 months, until 31 July 1990. The agreement, signed in the presence of President Carlos Salinas de Gortari, includes a 10-percent minimum wage increase that becomes effective today. In this regard, the business sector will recommend that this increase be made effective 1 December. It must be emphasized that this new adjustment does not apply to contractual salaries. Within the framework of the new agreement, the executive branch decided to increase the price of fuel and other public goods and services by an average of five percent. This has been the first adjustment since the last one, implemented 2 years ago when there was an 85-percent increase. The current increase is the lowest in the past 25 years. Also, the exchange rate will reportedly continue to be adjusted at a rate of 1 peso per day, but the government still intends to stabilize it as soon as circumstances permit.

The signatories of the pact reiterated their willingness to continue reaching agreements to guide the country on the path to growth. They agreed with the government in stating that the highest priority is to consolidate the battle against inflation, to permit growth with a firm base. Regarding this, President Salinas de Gortari noted that the federal government will maintain its commitment to observe strict discipline in public finances to reach the goals of the revenue law and the 1990 budget.

At the ceremony to sign the PECE extension, Salinas de Gortari said the agreement signed by the country's productive sectors is in accord with the government's 1990 economic policy. He also stressed his commitment to maintaining strict discipline in public finances. Labor Secretary Arsenio Farell Cubillas read the main points of the agreement.

[Begin Salinas recording] Leaders of the labor, peasant, and business sectors:

I am witnessing the signing of this agreement to extend the PECE. The sectors that signed this pact agreed to maintain its basic terms and extend it until 31 July 1990, with the moderate adjustments that the present circumstances of greater stability permit. There will be a longer implementation period for the economic changes that traditionally mark the new year, thus giving everyone greater certainty and foresight.

The pact has been consolidated. Today, it is ratified as an effective and flexible instrument. The people know that this pact has resulted in a noticeable blow to inflation. It has permitted the protection of purchasing power—eliminating many daily worries. For the great majority, the pact has not resulted in frozen prices, but it has guaranteed a general stability and insurance against unexpected increases.

The basic idea is to continue consolidating price stability. We all know this is the only way to guarantee a sustained recovery. For this reason, the goal is to grow moderately and gradually, without any excesses. At the same time, we will seek to increase investment and improve social welfare, especially of those who have less.

The agreement we are signing today for December and the next 7 months of 1990 is in complete accord with the 1990 economic policy. The pact revision is an effective and equitable solution for a situation that affected minimum wages and certain prices with excessive subsidies. Therefore, the 10-percent minimum wage increase recommended by the labor and business sectors permits a gradual salary recovery. We will maintain a sense of proportion and fairness. The progress already made and the outlook of a future with greater stability allows us to avoid widespread or successive price increases.

We can now combine a flexible approach with gradual and selective changes in the public and private sectors. The measures we agreed on today give us an outlook of certainty in which we can see the feasibility of our goals for 1990. These measures will help make the country economically stronger, thus improving the people's standard of living. This is a hope based on work and results. We will continue taking the steps resulting from greater unity, helping one another, and joining our efforts in what is vital for all. We are advancing in the change that gives us more strength and respect in the world and more opportunities for all throughout our fatherland. Thank you. [applause] [end recording]

Minimum Wage Changes Advanced by One Month

PA0512194389 Mexico City Red Nacional 13 Imevision Television in Spanish 1300 GMT 5 Dec 89

[First part of "exclusive interview" with Javier Bonilla Garcia, technical secretary of the Commission for Evaluating and Implementing the Economic Growth and Stability Pact, PECE, by Joaquin Reura; date and place not given—recorded; no questions asked as heard]

[Text] [Bonilla] You know that the labor sector had presented a request for a pay raise that was practically the same as the one presented by the Minimum Wage Commission. Labor and management sectors agreed that in view of the circumstances, it would be advisable to advance to 1 December the pay raises scheduled for 1 January.

According to the Minimum Wage Commission resolution, the raises would take effect on 4 December. However, yesterday the different sectors signed an agreement recommending that all enterprises make it effective on 1 December because of the basically moral aspect, which concerns everyone, and which I believe everyone understands.

The commissions also agreed to extend the pact until 31 (?December) because the different sectors involved in the nation's economy are receiving more positive signs for the different economic activities.

I believe that the agreements reached yesterday by labor, peasant and managerial sectors and government representatives will be interpreted as one more sign of confidence and certainty. All the participants know they must continue to make more efforts. This is by no means a sign of weakness. On the contrary, we are all interested in having things work out well. We have to continue making efforts and following economic developments closely. It is difficult to predict favorable economic developments. There are many positive signs of recovery, like the increase in employment that we have seen this year and the reactivation of the economy, which has been greater than expected. There are signs of recovery of real wages in general. This process of improvement, which is clear in the different sectors of the nation's economy, had to be extended to include minimum wages. [end recording]

Official Views Debt Renegotiation Process

PA0512182189 Mexico City Red Nacional 13 Imevision Television in Spanish 1300 GMT 5 Dec 89

[Text] Jose Angel Urria, deputy secretary of Finance and Public Credit, said yesterday at the Chamber of Deputies that Mexico's territory and sovereignty had been endangered during the debt renegotiation process. He said, however, that the nation's security has been safeguarded. In a month, the debt renegotiation will be completed. We would like to mention this because it speaks of the difficult moments that the country has endured. Apparently those difficult moments are not over, but much has been done, and we must bear this in mind. We must admit that for a time the process of renegotiating the foriegn debt evidently placed the nation's territory and sovereignty in a serious situation.

Naturally, territory and sovereignty are in danger during these situations because of the large sum of money we owe and the great amount that was taken out of the country—since many Mexicans opted to take their money out of the country. Fortunately, many of them are bringing it back, now that they realize that conditions for investment are becoming more favorable.

Costa Rica

Arias on Regional Summit, Bush-Gorbachev Talk

PA0512231489 San Jose Radio Impacto in Spanish 1850 GMT 5 Dec 89

[Report by Hilda Picado from Los Chiles Canton, Alajuela Province]

[Text] Today, Costa Rican President Oscar Arias, together with the housing minister and deputy minister, is visiting Los Chiles Canton, Alajuela Province. He inaugurated several works, including an IMAS [Instituto Mixto de Ayuda Social, Joint Social Assistance Institute] housing project and other projects of the Costa Rica-Canada program. The President also inaugurated a [word indistinct] and visited the local school. Later, the president will tour the Rio Frio dock. The president was asked about the upcoming Central American presidents summit meeting. He confirmed that the summit will be held in our country and said Honduran President Jose Azcona Hoyo is the only president who has yet to confirm his attendance. The president also said this will be an extraordinary meeting, meaning it will not fall within the framework of the Esquipulas II peace plan. Here are President Arias' remarks:

[Begin Arias recording] As you know, we decided to hold the summit here because the other presidents agreed to come to San Jose. We are now deciding on the date; I proposed 10-11 December, that is, next Sunday and Monday. So far, almost all of the presidents have confirmed they will come, except for Honduran President Jose Azcona, who will tell me today if he can come.

[Reporter] [Words indistinct] presenting a problem so that the presidents can come here [words indistinct].

[Arias] There is no obstacle. I think the topics are known, but of course [words indistinct] no problem.

[Reporter] Will this be an extraordinary meeting?

[Arias] Yes, it will, because we had agreed to hold the next meeting in Managua, but now we are holding the meeting in San Jose. So the Managua meeting is still pending.

[Reporter] [Words indistinct]

[Arias] Yes. I think it is most urgent in Central America to silence the weapons still being fired in El Salvador. So, we must hold in-depth talks on the matter. I think there must be goodwill and resolve so that El Salvador (?finds) the path that we have known for almost 3 years, the path of negotiation and dialogue, not that of violence and war, which leads nowhere, as has been proven in all the corners of the world. War simply leads to further internal divisions in a society already filled with hatred and resentment. It will be very difficult to reconcile the brother Salvadoran people because violence, rather than love and solidarity, has prevailed.

[Reporter] How do you feel about the results of the Malta summit as far as the Central American situation is concerned?

[Arias] What little I know is what the news media reports. I think that for my government and Costa Rica it was important that Bush convey our concerns to Mr Gorbachev, as I expressed them to the U.S. president before the Malta meeting. I read in THE WASHINGTON POST reports about the news conference held by Mr Gorbachev and Mr Bush. To begin with, I think it is very important how quickly things are changing around the world. The leaders of the two superpowers faced reporters together to answer questions. I am elated by that because it shows we must have the courage to realize that we must discuss matters, that solutions are found at the negotiating table.

I am also very grateful to President Bush for conveying my concerns to Mr Gorbachev. I still think Mr Gorbachev has a big influence, or at least he should have, on Fidel Castro. One day Mr Gorbachev will decide to tell Fidel Castro that he cannot do in 1989 what he tried to do in 1959 because it is out of step with the times. The FMLN [Farabundo Marti National Liberation Front], which has been encouraged by Castro these past 10 years, must find a path toward reconciliation with the Salvadoran (?Government). That path leads to resuming the talks. I think that one of the most urgent aspects of the presidents' meeting in San Jose is to again urge conflicting sides to hold talks. They must bring back to life the foiled Caracas meeting between the FMLN and the Cristiani government.

[Reporter] [Words indistinct] the FMLN will not have any participation in this meeting. So, what can be expected from them?

[Arias] We shall see. [end recording]

Foreign Minister on Proposed Area Summit

PA0512151789 San Jose Radio Reloj in Spanish 1200 GMT 5 Dec 89

[Text] Costa Rican Foreign Minister Rodrigo Madrigal says that the Central American presidents may meet once again in San Jose. So far, the Guatemalan and Nicaraguan foreign ministries have agreed to hold the meeting in San Jose on 10-11 December, which means that the presidents of those countries will attend. Nevertheless, the Honduran and Salvadoran Governments must still be contacted to decide if the Central American presidential summit will be held in Costa Rica.

Once a decision is made on the summit, the region's foreign ministers would meet to prepare the agenda. In keeping with Foreign Minister Madrigal's conversations with his colleagues, the foreign ministers would meet in San Jose on 9 December. It has been decided that the

summit's agenda will include such subjects as Nicaragua's involvement in supplying the Salvadoran guerrillas with weapons and the contras' demobilization, Foreign Minister Madrigal said.

The Central American presidential summit being planned for next week in San Jose will be difficult because of the topics to be discussed, said Foreign Minister Madrigal, adding that President Oscar Arias Sanchez' government is trying to contribute to the regional conflict's solution.

He expressed interest in inviting to the summit members of the UN Observer Group in Central America, which will be in charge of verifying the peace plan.

Views Malta Meeting

PA0512155189 San Jose Radio Reloj in Spanish 1220 GMT 5 Dec 89

[Text] Costa Rican Foreign Minister Rodrigo Madrigal says that the Malta summit between Presidents George Bush and Mikhail Gorbachev has not yielded all that was expected for Central America. Madrigal said that according to the reports received, the USSR denied sending weapons to the guerrillas. Nevertheless, Madrigal said that it has been established that the channels used to supply the Salvadoran guerrillas are Cuba and Nicaragua.

During the summit, it was decided that the United States will contribute to the USSR's economic development. Foreign Minister Madrigal feels that in view of the changes that have taken place in the USSR following the Malta summit, the United States will provide a good deal of the economic aid the USSR needs for development.

Madrigal expressed satisfaction over the progress the two superpowers have made regarding the reduction of nuclear weapons.

Government Awaits Official Report on Panama Crash

PA0512160989 San Jose Radio Reloj in Spanish 1222 GMT 5 Dec 89

[Text] So far, the Foreign Ministry has not received an official report on the case of Costa Rican pilot Ney Escobar, who was arrested in Panama following his helicopter crash. Costa Rican Foreign Minister Rodrigo Madrigal said that for the time being, he has asked the Costa Rica consul in Panama to gather information on the situation and to give Escobar all the help he might need.

When the official report from the Panamanian Government is received, Escobar's situation will be assessed and a course of action will be decided upon, Madrigal added.

El Salvador

Cristiani Says Government Can Handle Rebels

PA0512142589 San Salvador Domestic Service in Spanish 1247 GMT 5 Dec 89

[Text] In response to a question asked during a news conference held at the Presidential Palace, Salvadoran President Alfredo Cristiani said that El Salvador has not asked friendly countries for help because the Salvadoran Armed Forces are capable of fighting the FMLN [Farabundo Marti National Liberation Front] communists. However, President Cristiani said that if an open aggression or invasion should occur, he would consider the possibility of invoking the Inter-American Reciprocal Assistance Treaty, TIAR, or some other mechanism to protect El Salvador's integrity. In conclusion, President Cristiani added that the FMLN only has the capacity to carry out terrorist actions, protecting themselves among the civilian population. He said that the subversives remove their uniforms and gear and put on civilian clothing to evade the Armed Forces.

AFP Reports Latest Fighting in San Salvador

PA0512184389 Paris AFP in Spanish 1619 GMT 5 Dec 89

[Text] San Salvador, 5 Dec (AFP)—Violent clashes between the Salvadoran guerrilla forces and the Army today again shook the northwest sector of San Salvador, after a Farabundo Marti National Liberation Front (FMLN) column raided the town of San Antonio Abad.

At least five military and rebel deaths, three stores partially destroyed, and one electric pole blown up are the preliminary results of the clashes in San Antonio Abad between 2100 on 4 December and 0200 5 December.

The FMLN guerrilla forces today also attacked Army positions in Ayutuxtepeque, a workers' neighborhood north of the capital, and La Cima neighborhood, southeast of the capital, where the clashes were still under way at mid-morning.

The Army admitted that one soldier died and five were wounded during the clashes in San Antonio Abad, a middle-class neighborhood located beside the Escalon residential area; and at least four rebels were ripped to pieces by a LAW [light antitank weapon] round.

Lots of blood and pieces of flesh stuck to backpacks and military uniform fragments were scattered in a 30-meter area within an empty lot in the downtown area.

An officer of the National Police's elite Pantera Battalion, which participated in the fighting, told AFP: "The round fell exactly where they were. At least four died on the spot, and many were wounded."

The rebels blew up a grocery store and an electric pole in downtown San Antonio Abad; one drugstore and other stores also sustained considerable damage during the fighting.

Tension and nervousness prevailed this morning in San Antonio Abad, where many persons were looking for explosives and TNT left behind by the rebels.

Army spokesmen have yet to issue a report on the fighting at La Cima and Ayutuxtepeque, but the people of Ayutuxtepeque said there was fierce fighting in the sector, adding that the rebels positioned themselves in the local church to fire at government troops.

Meanwhile, reports from the interior indicate that the fighting diminished today in the regions of Zacatecoluca, Usulutan, and San Miguel, where the military situation was extraordinarily tense until the night of 4 December.

Nevertheless, today the government explained that the reduction in curfew hours, from 2100 to 0500 effective last night, does not apply to the city of Zacatecoluca, the capital of La Paz Department—located in the central part of the country—which guerrilla forces have been constantly carrying out harassment operations throughout the week.

Meanwhile, the FMLN warned the owners of commercial and crop-dusting airplanes to abstain from using their planes to conduct reconaissance flights for the Army in the region of Zacatecoluca and Usulutan, "because they will be considered military targets."

Guerrillas Reportedly Fire Two More SAM's

PA0512191989 Panama City ACAN in Spanish 1717 GMT 5 Dec 89

[Text] San Salvador, 5 Nov (ACAN-EFE)—An Armed Forces spokesman confirmed today that on 4 December the Salvadoran guerrillas fired two more Soviet-made "SAM-7" surface-to-air missiles.

Neither of the two missiles hit their targets, which were two Salvadoran Air Force aircraft: an (A-37) combat airplane, and a (C-2) reconnaisance airplane flying in the Zacatecoluca area, approximately 50 km from San Salvador, where the guerrillas and the Army are still clashing.

The use of these "SAM-7" missiles, allegedly being sent from Nicaragua, by the Farabundo Marti National Liberation Front (FMLN) will be among the most controversial topics at the Central American "summit" scheduled to begin on 10 December in Costa Rica.

Last week the FMLN fired two "SAM-7" missiles, the first of these missiles to be used by the Salvadoran guerrillas since the beginning of the Salvadoran war 10 years ago.

So far, the FMLN has not announced that it is using this type of missile, although it has confirmed that it has these new weapons in its posession, without stating how many.

The entry of the Soviet-made "SAM-7" missiles into the Salvadoran conflict has worsened relations between San Salvador and Managua because of El Salvador's allegations that these weapons are from Nicaragua.

On 25 November, 2 weeks after the beginning of the strongest FMLN offensive of the past 10 years, a small airplane carrying 24 "SAM-7s" and other weapons, apparently for the guerrillas, crashed in Salvadoran territory.

According to the Salvadoran Government and Armed Forces, the airplane was piloted by Nicaraguans and was coming from Managua.

FMLN Reports Shooting Down Airplane

PA0612002689 (Clandestine) Radio Venceremos in Spanish to El Salvador 0005 GMT 6 Dec 89

[Text] The people's antiaircraft power has begun to take effect. Salvadorans, this afternoon we downed an O-2 airplane in the area of the city of Usulutan. Radio Venceremos reports that Farabundo Marti National Liberation Front [FMLN] antiaircraft fire downed a push-pull airplane this afternoon. At 1615, the FMLN's antiaircraft fire downed a push-pull airplane over the city of Usulutan.

Later in this program we will provide details of the downing of the push-pull airplane downed in the city of Usulutan. Its crew died when the plane crashed. This plane has crashed just as the regime of 50 years of injustice is crashing. We have downed one of the planes that had been bombing the Zacamil neighborhood. We have downed a plane piloted by those who had been bringing death and destruction to Mejicanos, Soyapango, and San Miguel. With the downing of this plane, our people have avenged the blood spilled by the genocide. This shows that the FMLN's antiaircraft fire has begun to take effect.

Morazan Department Garrison Attacked

PA0512212489 (Clandestine) Radio Venceremos in Spanish to El Salvador 1820 GMT 5 Dec 89

[Text] The Farabundo Marti National Liberation Front [FMLN] attacked the Military Detachment No 4 garrison in San Francisco Gotera, the capital city of Morazan Department. The detailed report noted that today, 5 December, at 0100, guerrilla units used 60-mm mortars to attack the San Francisco Gotera garrison. In addition, an army position located on the outskirts of the city, in El Picacho Mountain, was attacked. As part of these actions, other militia units, rebel detachments, and guerrillas put up barricades on Negra Street, located in the area between the towns of Yoloaquin and La Tista de

Chilanga. Negra Street is now barricaded because of the operations in Morazan Department.

The FMLN used mortars to attack the Military Detachment No 4 garrison. We are awaiting further information on the attack in San Francisco Gotera. Also in the context of these operations in Morazan, today at 0600 we fought with [words indistinct] or the little commands of Military Detachment No 4 at the Osicala turnoff. We do not know the number of casualties yet.

Rebels on Priests' Murder, FRG Aid Stoppage

PA0612040689 (Clandestine) Radio Venceremos in Spanish to El Salvador 0319 GMT 6 Dec 89

[Text] Attention; your attention. Radio Venceremos has received a last-minute report. Attention; your attention please. Attention throughout the country. This is an important last-minute report. The isolation of the fascist government of Alfredo Cristiani continues to worsen. There are strong rumors that there is already a list with the names of military officers who participated in the assassination of the Jesuit priests. The U.S. magazine NEWSWEEK and other media have linked the name of the ARENA [Nationalist Republican Alliance] leader with the assassination of Roberto [announcer corrects himself] of Ellacuria and six other Jesuit priests.

Last-minute reports indicate the FRG Government—one of the governments that has provided strong financial support to the country's regimes during this decade—has decided to suspend the 27 million [currency not specified] in aid for development works it was negotiating with the Alfredo Cristiani government. The decision was made after three FRG officials were forced to leave the country for security reasons.

We repeat: Attention; your attention please. It has been reported that the FRG Government decided today to definitively suspend the 27 million in aid for development works it was negotiating with the Cristiani government. The decision was made after three FRG officials were forced to leave the country for security reasons. This is a harsh blow to the Alfredo Cristiani government, precisely at the same time as the government announced a diplomatic offensive in the United States and Europe. The international isolation of the fascist government headed by Alfredo Cristiani and La Tandona [1966 graduates of Captain Gerardo Barrios Military Academy] is intensifying.

Archbishop Interviewed on Murdered Jesuits

PA0512203789 Madrid EFE in Spanish 1817 GMT 5 Dec 89

[Text] Vatican City, 5 Dec (EFE)—In an interview published in the religious monthly magazine "30 GIORNI" (30 DAYS), San Salvador Archbishop Arturo Rivera y Damas has once again blamed the Salvadoran Army for the murder of six Jesuits from the Central American University (UCA).

Rivera y Damas said that there are a number of reasons why "only the military could have been at the site." The archbishop of San Salvador underlined that the site of the incident "is an area highly controlled by the military," that on the day in question "the curfew, or in other words martial law, was in effect," and that "there is a military neighborhood near the UCA."

"All of this leads me to believe that the guerrillas are not responsible. The operation lasted ½ hour, and the uniformed individuals stayed there for a good while, 2 or perhaps 3 hours. Had they been guerrillas, they would have attacked and fled immediately," he added.

Arturo Rivera y Damas also underscored that "they took the priests out to the garden, murdered them, exploded devices, burned the house, and stayed at the site for a long time," which "means that they felt sure of themselves."

The archbishop said during the interview that "it has been fully proven" that there are two political lines within the ruling ARENA [Nationalist Republican Alliance] party: "one headed by President Cristiani, and another more radical sector."

Rivera y Damas said that he does not believe that the guerrillas have been "eliminated" by the Army. "They have not accomplished what they wanted, but they have not been eliminated, and that is why I still believe that the best course is to negotiate," he said.

Regarding the letter sent to the pope by El Salvador's attorney general, in which he advises the departure of a few bishops from El Salvador, Rivera y Damas commented that in a way it was beneficial because "we have never received as much solidarity or support as we are receiving now from the supreme pontiff for the Bishops Conferences."

Rivera y Damas also pointed out that he has been threatened, not only by phone but by radio.

Police Director on Rebels' New Strategies

PA0512215689 San Salvador EL DIARIO DE HOY in Spanish 5 Dec 89 pp 3, 13

[Text] Colonel Hector Heriberto Hernandez, director general of the Treasury Police, issued an important warning on 4 December to citizens and foreign press correspondents about the new FMLN-FDR [Farabundo Marti National Liberation Front-Revolutionary Democratic Front] strategy. The new strategy consists of spreading misinformation, maintaining a climate of terror, and reactivating the psychological war.

To cover the failure of the so-called "offensive to the utmost," terrorists are threatening government officials and prominent members of the private sector with death and are trying to spread rumors and misinformation through naive, bribed, or inexperienced agents using disinformation techniques that communists have refined over the years, Hernandez said.

Among the strategies, Hernandez mentioned the circulation of anonymous letters attributed to institutional sources, threats, setting buses on fire, and skirmishes to distract public attention. At the same time, this is intended to give the impression that the terrorists are a "real force."

Colonel Hernandez specifically referred to "letters and documents attributed to unidentified groups making serious accusations against public officials. This is intended to divert attention from the charges that have been filed against the authors of such documents."

Hernandez added that accusing the Army of repulsive crimes is also part of the subversives' disinformation strategy, which "some so-called honest sectors help disseminate and expand."

"The Armed Forces are helping to clarify many incidents, especially those involving its own members," Hernandez said.

Concerning the assassination of the six Jesuits, Col Hernandez abstained from accusing any sector in particular. However, he clarified that "had terrorists been the authors of the massacre, they could have very well hidden inside the university before the curfew and then carried out their action."

Nevertheless, the case is under investigation, and only after we have received the reports, and after the evidence has been cleared, will we know who is responsible for this crime, he added. Meanwhile, "it is immoral to make groundless charges, as some sectors, groups, or individuals who claim to know the truth have been doing."

Concerning repeated reports that the assassins of the Jesuits were wearing military uniforms, Col Hernandez pointed out that terrorists also wear olive green camouflage uniforms and carry other equipment. Only an expert or someone very attentive can distinguish authentic military uniforms and equipment, he said.

"This is a well-known strategy the world over, wherever such criminals operate," Hernandez added.

The Treasury Police director thanked the residents of the zone under his responsibility who had reported the presence of terrorists and located many redoubts where weapons were hidden. Thanks to their help, the Army was able to expel the subversives.

Coprefa Reports Army, Guerrilla Casualties

PA0512220989 San Salvador Canal Doce Television in Spanish 0300 GMT 5 Dec 89

[Text] The clashes between the guerrillas and the Army have resulted in 4,834 casualties since they began on 11 November, the Armed Forces reported today.

Figures provided by Coprefa [Armed Forces Press Committee] reveal that since the beginning of the guerrilla offensive, 1,853 rebels were killed and 1,183 were wounded.

The Armed Forces admitted that 457 soldiers were killed and 1,341 were wounded in clashes with the FMLN [Farabundo Marti National Liberation Front] rebels.

The Armed Forces also said today that the guerrilla offensive has ended. During this period, they were able to confiscate over 900 rifles of various calibers, 147 grenade launchers, and large amounts of explosives and ammunition.

French Embassy Protests Looting of Envoy's Home

PA0512140689 Paris AFP in Spanish 0507 GMT 5 Dec 89

[Text] San Salvador, 4 Dec (AFP)—The French Embassy in San Salvador today lodged a protest note with Alfredo Cristiani's government for the "search and subsequent looting" of a French Embassy diplomat's residence following last week's clashes in Escalon neighborhood.

The residence of Niel Saez, first secretary of the French Embassy, was searched by the Salvadoran Army on 29 November after government troops regained control of Escalon neighborhood, west of the capital, which had been taken over by the Farabundo Marti National Liberation Front (FMLN) guerrilla groups, embassy sources said.

Saez indicated that his family and other French diplomats were evacuated by the International Red Cross on the evening of 29 November, and the house was left in the custody of an Army lieutenant. The officer and a group of soldiers immediately began to search the residence, assuring the diplomat that everything would be under their protection.

Nevertheless, upon returning to his house during the weekend, Saez was astonished to discover that the house had been vandalized and completely looted. The diplomat said he had "no evidence" who had looted his residence, but he insisted that "everything was in order" when the residence was left in the custody of the military.

Guatemala

Official Confirms Area Foreign Minister Meeting

PA0512170089 Panama City ACAN in Spanish 1552 GMT 5 Dec 89

[Text] Guatemala City, 5 Dec (ACAN-EFE)—The Guatemalan Government today reported that the five Central American foreign ministers will meet on 9 December in San Jose, Costa Rica, to prepare the Central American summit, scheduled for 10-12 December.

Carlos Anleu, assistant public relations secretary of the Guatemalan presidency, asserted today that the Nicaraguan and Salvadoran foreign ministers confirmed last night they would come to San Jose this weekend.

Guatemalan Foreign Minister Ariel Rivera Irias yesterday returned from the United States, where he completed a working visit, and he is already establishing contacts throughout Central America. He has also put together a team that will attend the summit as part of the delegation accompanying President Vinicio Cerezo, the source said.

Anleu stated that the Foreign Ministry has selected the persons to prepare the agenda and draft the Guatemalan president's presentation. "We are working based on the normal guidelines concerning protocol and the preparation of documents that eventually become the basic resolutions and conclusions—with points of consensus among the presidents," he emphasized.

The official added that the foreign ministers' preliminary meeting was decided upon precisely because it was necessary to bring together opinions and viewpoints to facilitate and simplify discussions about two main issues: The armed conflict in El Salvador and the contras' demobilization.

Anleu confirmed the Guatemalan president's participation in the San Jose summit, saying that Cerezo had contacted his Nicaraguan counterpart, Daniel Ortega, to request his attendance in Costa Rica. "Ortega initially proposed that the summit be held in Mexico or Argentina, but Cerezo explained that this is a Central American issue and it should be solved among Central Americans, within the region," the Guatemalan Goverment spokesman said.

Ortega did not accept Guatemala as the site for security reasons—he would have to cross conflict-ridden territory. "Ortega gladly accepted Cerezo's proposal to hold the summit in San Jose, and he confirmed his participation," Anleu added.

According to the official, the only thing pending is the time when the meeting will start. "If the meeting starts in the morning on 10 December, he would depart on 9 December, but if it starts later, he would then depart that same day, during the morning."

Party Splits, Founder Joins Social Christians

PA0512230089 Guatemala City EL GRAFICO in Spanish 5 Dec 89 p 4

[Text] Guatemala City, 5 Dec—The ruling party, the Guatemalan Christian Democracy [DCG], has split and is definitively divided. Its founder Rene De Leon Schlotter has left the party. However, he has not forgotten his political-ideological background and continues as a presidential candidate. Alfonso Cabrera Hidalgo, current DCG secretary general, insists that he will not withdraw his nomination.

"The Patriarch," has found shelter for his aspirations in other groups. Recently, the Social Christian Party People's Alliance 5, AP-5 [Partido Social Cristiano Alianza Popular 5, AP-5], nominated him as their presidential candidate. To carry out their campaign, they have called it "Project 90-95."

"On 17 July, AP-5 in consultations with the rank and file and by unanimous decision agreed to nominate Rene De Leon Schlotter as their only presidential candidate. This recognizes De Leon Schlotter's capacity and experience to carry out the project to unify the people's interests and aspirations and strengthen democratization," the AP-5 leadership explained.

Thus far, the De Leon Schlotter nomination is supported by the ruling party dissident wing, Danilo Barillas Ideologic Movement [Movimiento Ideologico Danilo Barillas], which adopted the name after the assassination of their general coordinator. He is also supported by the Socialist Democratic Party [PSD] and by other left-wing democratic groups.

The AP-5 support for De Leon was foreseen. EL GRAFICO has reported that there were indications of this. In some towns in western Guatemala AP-5 signs with the message "We support Rene," have been posted. Moreover, in view of the pressure against him by the DCG sector lead by Cabrera, "the Patriarch" saw in the Social Christian Party the "ship" for continuing in the electoral process.

The Social Christian stance coincides with the "Patriarch" in the sense that they question government actions and internal maneuvers within the ruling party.

Rene De Leon did not arrived alone at AP-5. He was accompanied by DCG deputies who comprise the so-called "Faction of Dignity." This is logical, because had those deputies continued in "their" party, they would not have had the slightest possibility of again being in the legislative branch.

For these reasons and others, it can be concluded that the DCG is definitively divided. This fact along with its weakening and deterioration, makes one anticipate that it will be defeated in the 1990 elections.

Special Visa Requirement for Colombians Suspended

PA0512042489 Guatemala City El GRAFICO in Spanish 30 Nov 89 p 11

[Text] Guatemala City, 30 Nov—As of 1 December, the General Immigration Directorate will lift the requirement that visa requests from Colombian citizens wanting to enter Guatemala be subject to review. The visa requirement for entering Colombians was ordered on 30 August of this year. The measure was taken in light of the drug trafficking crisis and confiscation of the Guatemalan passports that were tampered with in Colombia.

The order was followed by other control measures implemented through the Guatemalan consulates in Colombia. The additional measures have proven effective in controlling those wanting to enter the country. That is why maintaining the visa requirement is no longer justified as it has caused delays for honorable Colombian citizens needing to come here. Accordingly, visa requests will have the same status they had before the 30 August order was issued.

Honduras

Azcona Refuses U.S. Ambassador's Credentials

PA0512135989 Paris AFP in Spanish 050517 GMT 5 Dec 89

[Text] Tegucigalpa, 4 Dec (AFP)—Honduran President Jose Azcona today reasserted his refusal to receive the credentials of new U.S. Ambassador Crescencio Arcos, adding that he will do so on a date which "is convenient" to his work schedule.

The president thus confirmed most of the statements given by his spokesman, Marco Tulio Romero, who said on 1 December that Arcos' credentials will not be received now, adding that they will be received by President-Elect Rafael Leonardo Callejas, who will be sworn in on 27 January.

According to the president, Arcos meddled in Honduras' internal affairs a month ago when he told Honduran Ambassador Jorge Hernandez in Washington that the U.S. Government opposed alleged reforms to the electoral law, sponsored by the ruling Liberal Party of Honduras, which lost the 26 November elections.

Asked about this issue, Azcona said: "I may or may not receive Arcos. If there is no appropriate date in the work schedule, then we will leave it at that, and the next president will receive him. That is not important."

He said that U.S. officials have asked him to hold the ceremony on 15 December, "but I do not have to do things on the date they want me to." Azcona said that the Congress will conclude its sessions on that date, "and this ceremony is more important for me than the credential letters of an ambassador, regardless of the country."

A U.S. Embassy source told AFP: "We will continue our talks with the government on this issue."

Azcona questioned on 4 December the U.S. Government's persistent refusal to deliver $70 million approved by Congress. He said the U.S. Embassy officials said they are friends of his government, "but sometimes they talk to us wearing a political hat, and the next day they don an economic hat."

U.S. Embassy spokesmen have previously stated that the decision to withhold the $70 million has no political connection. Nevertheless, official sources said this was caused by the government's refusal to apply the World Bank and IMF's economic measures.

More on Alleged U.S. Interference in Elections

PA0512174689 Tegucigalpa LA TRIBUNA in Spanish 2 Dec 89 p 3

[Text] Presidential Spokesman Marco Tulio Romero on 1 December blamed U.S. Central Intelligence Agency (CIA) agents and Agency for International Development [AID] officials of "scheming to create irregularities in the electoral lists so that the National Party would win the elections."

President Jose Azcona's spokesman said that CIA agents and AID officials infiltrated the National Electoral Tribunal (TNE) and the National Registry (RNP) and, "passing as advisers, organized the irregularities in the electoral process."

Romero said that the electoral victories of conservatives parties in Latin America "are the result of CIA agents' intervention in those countries' elections, including Honduras."

Romero also announced that President Azcona will not receive the credentials of new U.S. Ambassador Crescencio Arcos, because the diplomat "got involved in the electoral process' internal affairs."

According to official sources, Arcos plans to arrive in Honduras in mid-December.

The presidential spokesman said that "when the National Congress attempted to clean up the irregularities in the electoral lists which fell within the legislative branch's sovereign power, Arcos criticized that intention from Washington."

Romero pointed out that "the new U.S. ambassador should be accredited by Rafael Leonardo Callejas' conservative government."

He reiterated that President Azcona will not attend Callejas' inaugural ceremonies because he does not want to be ridiculed by Callejas' followers, "who are planning to whistle at him."

UN Observers Meet Azcona, Discuss Logistics

PA0512164789 Tegucigalpa Televisora Hondurena in Spanish 0100 GMT 5 Dec 89

[Text] As previously planned, the UN Observer Group in Central America, ONUCA's advance team, met a few minutes ago with President Azcona Hoyo to learn first hand the facilities the Honduran Government will offer for supervisory and patrol activities.

[General Agustin Quezada Gomez recording indistinct]

The high-ranking military man said that ONUCA has sufficient capability and personnel to patrol the entire Honduran border with El Salvador and Nicaragua. He

said that they will stand by for equipment and support personnel to move to the required areas.

Quezada Gomez said that they will look for a building to house ONUCA's permanent offices in this capital and later the regional offices in each country.

[Begin Quezada Gomez recording] I expect the second stage to be completed in 3-4 weeks, with the next stage taking a couple of months. [end recording]

President-Elect Says Contras Harmful to Country

PA0512223789 Managua Radio Sandino in Spanish 1940 GMT 5 Dec 89

[Text] Tegucigalpa, Honduras—Hondurans this morning woke up thinking about the approximately 12,000 contras who are still in Honduras, but who should have been demobilized. According to the agreements reached at Tela, Honduras, the five Central American presidents decided that the contras should be disarmed. Conservative Rafael Leonardo Callejas—the presidential candidate who won the election and considered president-elect of the rightist National Party—defined the problem when he pointed out that the deadline specified by the agreements will expire without the contras having left national territory.

Callejas said that the problem for Honduras is that the contras are inside their territory, and the local population demands they leave. Honduras cannot use military force to evict the contras and the International Commission of Support and Verification has not been able to carry out its activities of coordinating the demobilization. The contras are in their camps in Capire and Yamles, in the eastern El Paraiso Department near the Nicaraguan border. The deadline for the contras' demobilization will expire today. The top military leaders of the contras stationed in Tegucigalpa—former Somozist guard Colonel Enrique Bermudez Varela and so-called Commander Franklin, chief of staff of the contra army—have not been available to the press and refuse to speak with reporters.

In view of the deadlocked situation, the winning presidential candidate said that the only option is to go back to the Esquipulas pact so that the agreements are complied with and, in this manner, achieve stability and peace in the region. Callejas insists that the presence of the contras is negative for the future of Honduras. The new president will take over on 27 January 1990. However, he has been invited by Honduran President Jose Azcona Hoyo to attend the regional presidential meeting that will probably be held next week in Costa Rica.

The stand of the president-elect, as well as the incumbent Azcona Hoyo, is supported by Honduran businessmen who insist that the contras should leave Honduras since their presence is not conducive to foreign investment in the country. (Juan Benedeck), president of the Federation of Honduran Chambers of Commerce, said this morning that the contras have failed and are losing Washington's support, after so many years of being under the protection of the United States who organized and financed them. (Benedeck) said that Honduras can no longer continue to support the economic or social aspect of the anti-Sandinists' presence. Therefore, he and the other business leaders asked that the contras leave Honduras.

The failure of the Tela agreements signed last 7 August, which called for demobilizing the contras, does not discourage Hondurans from demanding withdrawal of the contras from Honduras. The presence of the UN Observer Group in Central America, ONUCA, is encouraging for the various sectors who feel it will be possible for the anti-Sandinists to leave Honduran territory they have occupied since the early eighties, either through demobilization or because they have decided to wage their struggle inside their own country.

Editorial Views Malta Talks, Salvadoran Situation

PA0612023189 Tegucigalpa EL HERALDO in Spanish 5 Dec 89 p 9

[Editorial: "The U.S., the Soviet Union, and Central America"]

[Text] The summit between the U.S. and Soviet leaders has raised great expectations about what U.S. President George Bush and Soviet President Mikhail Gorbachev might have discussed.

The news agencies have published some of the accords negotiated and which evidently are designed to achieve peace in all countries where there is war.

Central America was the only disagreement in this meeting between U.S. and Soviet presidents. Apparently, no saving accord was reached to facilitate immediate peace in the region.

Gorbachev and Bush advocated "a new era in the relations between the two superpowers. This new relationship begins with the end to the cold war."

The 2 days of negotiations between the two men who govern the world's most powerful nations mark the beginning of what Bush described as "the threshold of a new era in Soviet-U.S. relations. The possibility of contributing toward eliminating confrontations, division in Europe, and military clashes is within our reach."

Concerning Central America, the Soviet leader emphasized that he understood the "U.S. concern about the Central American situation. The Soviet Union advocated a political solution in this region and free elections to determine Nicaragua's destiny."

Bush told Gorbachev that "Washington and Moscow both agree on the assessment of the Central American situation. Nicaragua, however, failed to tell the truth concerning the shipment of arms to the Salvadoran guerrillas."

At no other time in the history of the two great world powers and their disagreements in both logistical and political affairs has the Central American situation specifically appeared on the agenda of the two most powerful men in the world. A fierce war rages in El Salvador between the Armed Forces and the FMLN [Farabundo Marti National Liberation Front] guerrillas, a war fed by arms supplied by the Soviet Union and its allies, as part of a clear Soviet armed intervention.

Because of Central America's strategic value, the United States will never allow the Soviet Union or any of its satellites to seize any part of this territory, although Nicaragua is already mortgaged by the Soviet Union and continues to wage a dirty war in the region by supporting the Salvadoran rebels and establishing a bastion in Nicaragua that encourages other rebel movements inside and outside the region.

In one way or another, the Soviet Union has been making inroads into Central America to obtain one or more countries from where they can threaten Uncle Sam's possessions, break his influence, and discredit him in the eyes of his own people and those abroad for losing those possessions.

Guatemala, where armed groups have continued to run rampant, has been the victim of this intercontinental interest. Nicaragua has been taken over by the Sandinist forces, which receive arms of all kinds.

More arms than food, more instructors than agricultural experts, and more arms than economic assistance for industrial development keep reaching Nicaragua.

Nicaragua has become a distribution center for other countries who raise pirate flags, countries whose leaders know that the Soviet Union is interested in the five countries of the isthmus. This is why the Soviet Union continually aids the Salvadoran guerrillas. The interruption of financial assistance and arms would entail failure of the struggle for power in Central America.

Over the course of the talks aboard Soviet and U.S. ships off Malta, Bush's position remained in accordance with the interests of both the U.S. and other Western countries. Many of these latter countries are threatened by radical, clandestine movements.

We believe that the U.S. President has just taken firm steps toward a direct understanding with the Soviet Union. This means that the guerrilla movements in several American countries will have to consent to civilized dialogue so they can coexist with the majority of the population, who desire to live in peace, with work and dignity.

El Salvador represents the most dangerous example of this intercontinental penetration. In this country a guerrilla movement heavily supplied with arms and ammunition operates. These rebels are militarily and otherwise trained for clandestine operations to sow terror in the threatened towns and villages. The Soviet Union supplies these arms through Cuba.

Salvadoran President Cristiani expects the accords reached by the two world leaders to cut the supply of war materiel to the FMLN. This materiel has made it possible to kill thousands of Salvadorans.

We will wait the passage of time to see if it is true that the supply of arms has ceased and Nicaragua has stopped assisting the FMLN.

We only hope the FMLN will not enter Honduras. The cabinets that draft war plans are now currently discussing the FMLN moving into Honduras.

Editorial Says Malta Not Enough for Local Peace

PA0612012989 San Pedro Sula TIEMPO in Spanish 5 Dec 89 p 6

[Editorial: "There Was Not Enough Will at Malta To Pacify Central America"]

[Text] Important agreements were reached between the two superpowers during the informal summit held at Malta between U.S. President George Bush and Soviet Leader Mikhail Gorbachev. They reached agreements on issues of economic integration and arms reduction, according to the international press.

However, regarding Central America, the two leaders apparently did not reach any agreement, probably because it was difficult to eliminate the military assistance and supply of weapons in an area the United States considers its "back yard."

Soviet Leader Gorbachev emphatically said that the USSR has definitely suspended sending weapons to Nicaragua in line with his supporting a political settlement in Central America within the process of the Esquipulas II agreement and the Tela plan.

President Bush, meanwhile, responded that the Salvadoran guerrillas continue to receive weapons—including the surface-to-air SAM-7 missiles that first arrived in the region when the United States provided them for the contras against the Nicaraguan Air Force—from Cuba and Nicaragua, although the U.S. President spared Soviet responsibility when he said that it was probably an independent action.

"I am not saying," President Bush said, "that these are Soviet weapons. They say they are not sending weapons, and I accept that."

On the other hand, U.S. military assistance to the Salvadoran Government continues to be considerable, and it has even increased in the 1990 U.S. budget. Perhaps this is the basic reason why the two world leaders were not able to agree on a peace solution in our region, where dialogue and agreements are once again jeopardized by machine-gun fire, state and rebel terrorism, genocide, and indiscriminate bombings.

The Bishops Secretariate of Central America and Panama (SEDAC) has pointed this out following last week's meeting in San Jose, Costa Rica, emphasizing "the criminal stubborness of seeking military and armed solution to the violence resulting from serious injustices rooted in our social reality and aggravated by the outrageous intervention of foreign powers."

Dialogue and peace efforts are failing "precisely due to the lack of sincerity and absence of political decisions of the parties in conflict," say the Central American bishops. They add that "the interests of groups or ideologies prevail over the needs and rights of the citizens."

SEDAC insists that "consequently, the criminal and immoral arms race increases and—with the honorable exception of Costa Rica—has made our people poorer and considerably increased our foreign debt."

Well then, the two big powers in their Malta summit have become closer. Seen in an overall view, it is a world revolution that will undoubtedly change relations between Third World countries and the superpowers.

However, in micropolitical terms—so to speak—we are not very sure of the benefits it will bring to regions such as Central America, and even Latin America. The understanding among the leaders could lead to ignoring the local problems of each country in lieu of the interests of the superpowers themselves.

That is why it is now being said that whereas Third World countries used to be the grass where the elephants fought, now they are on their way to becoming the grass the elephants eat [antes, los paises del tercer mundo eran el pasto donde se peleaban los elefantes y, ahora, los paises del tercer mundo van en camino de ser el pasto de los elefantes].

Country Urgently Needs $24 Million for Oil, Gas

PA0512220489 Panama City ACAN in Spanish 1859 GMT 5 Dec 89

[Text] Tegucigalpa, 5 Dec (ACAN-EFE)—The Honduran Ministry of the Economy today reported that the country urgently requires $24 million to pay for December and January oil imports.

The Honduran Central Bank presently lacks the U.S. currency to pay for the oil imported from Venezuela.

Economy Minister Dario Hernandez has pointed out the government's concern that payments are scheduled to be made on 18, 23, and 31 December.

Failure to make the payments on time implies that Honduras will not receive oil shipments required late this year and early in 1990.

The shortage of U.S. currency is so severe that the Honduran Government lacks even the $300,000 necessary to supply local consumers with butane this week.

Hernandez commented that the butane (LPG) demand for December is 700,000 gallons, 450,000 more than the usual monthly demand the rest of the year.

The minister said that the LPG demand increases during the Christmas season. Gas is the fuel used in most private and commercial kitchens.

Nicaragua

Ortega Wants UN Work Tied to Contra Disbanding

PA0612034789 Panama City ACAN in Spanish 0222 GMT 6 Dec 89

[Text] Leon City, Leon Department, 5 Dec (ACAN-EFE)—Nicaraguan President Daniel Ortega Saavedra will tell his Central American counterparts that if they want the UN observers to patrol the border areas, "demobilization of the contras," stationed in Honduras must be complied with, something that should have been carried out today. In a speech given in an election rally in the city of Leon, 92 km west of Managua, Ortega lashed out against the Honduran Government for "not removing" the anti-Sandinist rebels from that country.

The Nicaraguan president noted that today was the deadline for the contra demobilization agreed upon by the five area presidents during the summit held in Tela (Honduras) on 7 August. The Sandinist leader said that at the upcoming "summit," set for 10-11 December in San Jose, "he will demand" of his colleagues that the agreement for expelling the contras be complied with. "We will also insist that ONUCA (United Nations Observers Group in Central America) begin working in a balanced manner. We cannot accept it beginning work on one side while the Tela accords are not complied with," Ortega stated.

"Do you think it fair," Ortega asked a crowd gathered in Leon's main square, "for us to protect the Salvadoran border to safeguard that country while they continue to help attack us, and while the contras continue to attack us from Honduras?" The ONUCA military observers will have their garrison in Tegucigalpa and will patrol the border areas of El Salvador, Honduras, Nicaragua, and Costa Rica. This operation will cost $41 million.

Moreover, Ortega said, "Hopefully, no Central American president will try to postpone the date of the meeting, since we should have met on 8-9 December in Managua, but you know what happened." The meeting in Managua was suspended because of the decision by Salvadoran President Alfredo Cristiani to suspend relations with Nicaragua, following the discovery of an airplane loaded with weapons for the Salvadoran guerrillas presumably coming from Managua.

Panama

U.S. Names Manfredo Acting Canal Administrator

Presidency Issues Communique

PA0612031989 Panama City ACAN in Spanish 0250 GMT 6 Dec 89

[Text] Panama City, 5 Dec (ACAN-EFE)—Tonight the Panamanian Government "condemned" the appointment of Panamanian Fernando Manfredo as acting Panama Canal administrator beginning 1 January 1990. The U.S. Administration announced the appointment today.

Through a communique, the Panamanian Presidency stated: "With this appointment, the U.S. Government is trying to make the world believe it is abiding by the canal treaties, when in fact it is flagrantly violating them."

U.S. President George Bush appointed Fernando Manfredo, current Panama Canal deputy administrator, as the acting canal administrator "until there is a legitimate government" in Panama.

According to the Canal Treaties signed by Panama and the United States in 1977, the canal administrator—currently a U.S. citizen—should be a Panamanian citizen proposed by Panama, but appointed by the White House as of 1990.

The Panamanian Government had proposed Tomas Altamirano Duque, publisher of the influential Panamanian newspaper LA ESTRELLA DE PANAMA and a politician close to Panama's strongman, General Manuel Antonio Noriega.

The communique states that the Panamanian regime "vigorously condemns this new violation of the treaties, which proves the U.S. Government's contempt for the basic principles of the international legal order.

Opposition Terms Appointment 'Grave'

PA0512234989 Panama City ACAN in Spanish 2300 GMT 5 Dec 89

[Text] Panama City, 5 Dec (ACAN-EFE)—The Panamanian opposition feels that the United States appointing an acting Panama Canal administrator as of 1 January 1990 and ignoring the Panamanian proposal is "grave" for the fulfillment of the canal treaties.

U.S. President George Bush has appointed Panamanian Fernando Manfredo, the current deputy administrator, as acting administrator "until there is a legitimate government" in Panama.

The Panamanian Government had proposed a candidate for this post, which must be filled by a Panamanian for the first time as of 1 January 1990, according to the canal treaties. Panama proposed Tomas Altamirano Duque, editor of the influential daily LA ESTRELLA DE PANAMA and a politician close to Panama's strongman, General Manuel Antonio Noriega.

According to a communique signed by the three main leaders of the opposition—Guillermo Endara, Ricardo Arias Calderon, and Guillermo Ford—they warn that Manfredo's appointment as acting administrator "will create an irregular situation, not foreseen in the treaties"—the Torrijos-Carter treaties signed in 1977.

"We advise the United States that this irregular situation hinders the nationalization of the canal that Panamanians are demanding as an irreversible process," said the opposition, which also blamed the Panamanian regime for this situation.

"If the de facto regime of our country would have respected the people's will expressed on 7 May (election day), we would have a constitutional government—undeniably legitimate—that would be able to make prevail, without any problems, its right to appoint a Panamanian citizen for the post of Panama Canal Commission administrator."

The three opposition leaders recall that, contrary to this, the regime annulled the elections—which the opposition claims to have won—and established an "unconstitutional government," and added that the "halt" in implementing the treaties will not be consummated until 1 January, and therefore "we can do everything possible" to prevent this.

According to White House spokesman Marlin Fitzwater, President Bush has consulted with Manfredo about his temporary appointment to the post to replace U.S. citizen Dennis McAuliffe, who has been holding this post since the treaties went into effect in October 1979.

"Manfredo's 10 years of experience as deputy administrator and his evident capabilities will ensure the continuity of efficient and safe management of the canal," the White House announced.

Manfredo Accused of Lobbying

PA0512161989 Panama City CRITICA in Spanish 5 Dec 89 p 5

[From the "Scoops" column]

[Text] Fernando Manfredo, current deputy administrator of the Panama Canal Commission, is touring South America and seeking Latin American countries' support for his appointment as administrator of the waterway on 1 January. Manfredo has already visited Ecuador, Brazil, Colombia, Venezuela, and others with George Bush's "ok"—since Fernandito is accompanied by Department of State members. "You are too smart, Manfred." [preceding sentence in English]

Government Refuses To Release Costa Rican Pilot

PA0512124789 Panama City ACAN in Spanish 1622 GMT 4 Dec 89

[Text] San Jose, 4 Dec (ACAN-EFE)—On 3 December, the Panamanian authorities refused to return Costa Rican pilot Ney Escobar Alfaro, who suffered an accident in Panama on Friday 1 December and was rescued by citizens, according to members of the Panama Defense Forces [FDP].

Costa Rican Information Minister Jorge Urbina Pinto said today that "the government will request his release through the Foreign Ministry."

The Panamanian media have reported that Escobar is accused of helping the Nicaraguan contras, with the Costa Rican authorities' knowledge—charges that the Costa Rican Government has rejected.

Minister Urbina deplored that the Panamanian military authorities "have used a man who suffered an accident to get that kind of information."

Urbina added: "I am sure that he would never give that statement if he were free."

Ney Escobar is chief of the Public Security Ministry's pilots and on Friday, his day off, he went to Panama accompanying Charles Stockwell, an American who died when his helicopter—license number H-205—crashed, according to official sources.

Armando Quezada Sanchez, chief of the Costa Rican Government's aeronautics section, reportedly traveled to Panama to request Escobar's release, but failed.

Panamanian officers turned down the request "without giving a reasonable explanation," stated sources.

According to the progovernment media in Panama, Ney Escobar Alfaro "revealed the existence of a network to give the contras logistical support from Costa Rica, with the United States' support."

Urbina termed this version as "untrue," and Quezada said "one must not believe many of the reports" issued by these media.

The FDP did not report these statements and refused to tell Urbina where the Costa Rican was. He was not allowed to talk with Escobar either.

Two Citizens Allegedly Wounded by U.S. Bombs

PA0512162689 Panama City MATUTINO in Spanish 5 Dec 89 p 1

[Text] Two more Panamanians—one even lost his eyesight—became victims of bombs criminally abandoned by Southern Command troops based on the isthmus, when one of them exploded yesterday.

Pablo Brown, 30, and Eulogio Reyna Rivera, 28, were injured. Brown's injuries are the most serious, having lost his eyesight and two right-hand fingers, as well as suffering serious burns on his right leg and thigh.

Reyna Rivera received slight injuries. We were informed he was about 20 meters away from the site of the U.S. war device.

This new incident, which has saddened two Panamanian families, took place in the Emperador area. Both men are from the community of Burunga, Arraijan District.

As is known, U.S. bombs and grenades—including explosives left behind by Southern Command troops—injure innocent people every year, sometimes killing them.

Neither the continuous protests by the national government nor the angry expressions of the people have managed to get the U.S. Southern Command to collect these explosive devices fired during their "practices."

Ambassador to Libya Discusses 'U.S. Satan'

LD0212141489 Tripoli JANA in Arabic 0739 GMT 2 Dec 89

[Text] Mr Alvaro Menendez Franco, Panama's ambassador to the Libyan Jamahiriyah, has stressed that the countries and liberation movements struggling against imperialism in Latin America look up to the Libyan Jamahiriyah and to Mu'ammar al-Qadhdhafi, the brother leader of the international revolution.

In an interview with JANA, he stated that the countries and liberation movements struggling against imperialism consider the Libyan Jamahiriyah the international center for people's revolution. They always turn to the brother leader of the Al-Fatih international revolution to voice justice toward these peoples, backing, supporting, and helping them in international circles.

Panama's ambassador stated that the United States, which indulges in hostile acts against the Panamanian and Latin American peoples, brags about peace and security. He indicated that dozens of U.S. aircraft carry out daily attacks against rebels in El Salvador. These aircraft take off from bases in Panama.

The Panamanian ambassador stated that Panama calls on the United States to withdraw all its bases from Panamanian territory, so Panamanian soil will not be a U.S. base aimed at targeting peoples' revolutions in Latin America.

The Panamanian ambassador indicated that U.S. forces spray poisonous substances on trees and plants inside Panama to kill them. Thousands of citizens and huge numbers of animals have been affected by this. Also, hundreds of hectares of fertile land and pasture have been destroyed by these poisonous substances. He pointed out that the decision by the U.S. Administration to prevent any ship flying the Panamanian flag from entering U.S. ports is not surprising, considering the hostile nature of the U.S. Administration. He stated that

this administration has frozen Panama's money deposited in U.S. banks and cut off its exports to Panama, including medicine and medical items, which amounts to the same as a military war aimed at bringing the Panamanian people to heel.

The ambassador stressed: We will not capitulate to the U.S. satan, which is trying its hegemony on the Latin American region.

Panama's ambassador expressed his country's surprise at the U.S. role in the Bush-Gorbachev talks, which are scheduled to take place today on the Maltese coast. He said that the United States, which is waging an open war against its neighbors in Latin America and whose aircraft launch daily attacks against rebels in El Salvador and Nicaragua, boasts about the prevalence of peace while it fuels regional conflicts, spreads sedition, and ignites wars all over the world.

The Panamanian ambassador emphasized the revolutionary and liberationary relations existing between Panama, Nicaragua, and the Salvadoran rebels. He stated that Panama stands by the rebels in El Salvador in their war against the fascist gang, the U.S. agent. He indicated that the Panamanian people will not allow U.S. aircraft loaded with bombs of destruction to take off from their soil to hit the rebels in El Salvador.

Panama's ambassador stated that talking to and trying to exchange views with the United States is like talking to the deaf. He indicated that General Noriega tried to talk with the U.S. Administration, but the latter rejected this gesture and refused talks aimed at bolstering peace and stability.

He pointed out that it is surprising that the U.S. Administration would reject peace talks with its neighbors, while at the same time hiding its imperialist and hostile face under a feeble mask during international talks on behalf of international peace and security.

Argentina

Menem Addresses Group of Eight Ministers

PY0512161489 Madrid EFE in Spanish 1100 GMT 5 Dec 89

[Text] Buenos Aires, 5 Dec (NA)—President Carlos Menem today urged the ministers of the "Group of Eight" to intensify their efforts toward "making real" the Latin American common market before the year 2,000 on the basis of the political unity of the member countries.

In brief remarks at the Alvear Palace Hotel before sharing a working breakfast with the ministers of foreign affairs, economy, and planning of the Group of 8, Menem said that the negotiations for regional integration are "much more advanced" than those for unity in Western Europe following World War II.

Menem also said, "I believe that the Central American presidents want" to meet in Costa Rica to "avoid taking the conflict to a region outside its area of influence." He thus alluded to an Argentine proposal to host the summit meeting at which the Central American peace process would be relaunched.

After meeting with Menem, the ministers began a second plenary session during which they finished a joint document announcing a series of immediate concrete measures which will promote the integration process.

At the beginning of yesterday's closed-door deliberations, Argentine Foreign Minister Domingo Cavallo proposed eliminating visas and all restrictions on the circulation of people among the Group of Eight countries. This, and other measures affecting foreign trade tariffs, might be announced today.

The Argentine, Brazilian, Colombian, Peruvian, Mexican, Venezuelan, and Uruguayan ministers yesterday began their deliberations at the Alvear Palace Hotel after Cavallo read the agenda that was agreed to at the presidential summit in Ica, Peru.

Cavallo recalled that "our presidents want 1992 to become a significant landmark for the integration process," thus alluding to the possibility of launching a Latin American common market.

After deciding on their methodology, the ministers listened to reports on the integration process submitted by Latin American Integration Association (ALADI) President Norberto Bertaina, Inter-American Development Bank (IDB) President Enrique Iglesias, and Latin American Economic System (SELA) President Carlos Perez del Castillo, who were observers at the meeting.

In the afternoon, the secretaries and under secretaries met in three working committees which will report their conclusions to the ministers' plenary session today.

The first committee discussed the replacement of quotas by tariffs, the gradual reduction of tariffs, the coordination of the existing initiatives, and the identification of specific economic cooperation projects.

The second committee analyzed the elimination of physical obstacles to integration, especially in the transport and communication sectors, and joint scientific and technological cooperation programs. The third committee considered the gradual coordination of macroeconomic policies and the search for financial resources for integration.

The foreign ministers, who held parallel meetings to those by lower-ranking officials and experts, considered the possibility of meeting again in March 1990. The site for this meeting has yet to be chosen.

Some of the measures and the integration plan to be approved at this ministerial meeting will be submitted for consideration by ALADI, where the Group of Eight holds a majority, while the other measures—the more important ones—will be submitted to the presidents at their next summit meeting, which is scheduled for August in Caracas.

Turbines Closed Down at Embalse Nuclear Plant

PY0512150789 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2300 GMT 4 Dec 89

[Text] Buenos Aires, 4 Dec (NA)—The Energy Secretariat has reported that the turbines at the Embalse nuclear plant, which generate nearly 13 percent of the country's daily energy demand, went down at 1330 today. The secretariat has noted that closing down the nuclear plant will create a "noticeable deficit" in the supply of electric energy.

The report was initiated at the National Atomic Energy Commission. It says that the Embalse nuclear plant will resume service on the morning of 6 December and that the shortage will be covered by operational and extraordinary measures. Meantime, the system is under control.

The prospects for the rest of the month are reasonably optimistic, especially if the turbines at San Nicolas Cinco, Piedra Buena Uno, and Puerto Nuevo Ocho plants are activated in the next few days.

The Embalse nuclear plant has the most important turbine complex of all the electricity generating system, supplying 10 percent of the peak demand and approximately 13 percent of the daily demand.

Officials from the secretariat have asked consumers to economize as much as possible as their contribution to overcome this emergency.

Bolivia

Petrochemical Project With Brazil Implemented

PY0512193189 La Paz PRESENCIA in Spanish 28 Nov 89 p 1

[Excerpt] Bolivia and Brazil decided yesterday in Santa Cruz to implement the petrochemical development projects included in the Energy Integration Program signed by Presidents Victor Paz Estenssoro and Jose Sarney in August 1988.

The agreement on the installation of a polyethylene plant and a fertilizer plant in Puerto Suarez was signed by YPFB [Bolivian Government Oil Deposits] President Rafael Pena and INTERBRAS [Brazilian Petroleum International Trade, Inc] Vice President Mauricio Santos at a ceremony attended by Bolivian Energy Minister Angel Zanier, Brazilian Mines and Energy Minister Vicente Fialho, and officials from both countries.

Under this agreement, Brazil is committed to annually purchase from Bolivia 100,000 tons of polyethylene and 330,000 tons of fertilizer that will be manufactured from natural gas. This sale will bring some 120 million [currency not specified] to Bolivia each year.

The commercial operation will begin in 1993, a year earlier than originally scheduled.

The two ministers also agreed to immediately commission final studies for the installation of a hydroelectric plant in Cachuela Esperanza, in northeast Bolivia, and to extend from 18 to 24 months the deadline to secure the necessary financing for the binational energy projects, among them a gas pipeline between Santa Cruz and Brazil. [passage omitted]

Decree Explains Structures for Antidrug Policy

PY0512231189 La Paz PRESENCIA in Spanish 26 Nov 89 p 6

[Excerpts] The government has decided to squarely face the problem of drug trafficking in three phases: interdiction, alternative development, and prevention. In order to fulfill this goal, it approved a decree on 21 November that regulates Section VI of the Law on Regulations for Coca and Controlled Substances.

This information was provided by Foreign Minister Carlos Iturralde in a news conference held in the planning ministry. [passage omitted]

The decree indicates that it is necessary to develop a national drug policy and to strengthen the institutional framework to allow direction, coordination, application, and implementation of the programs and projects of the various operational areas for the control, inspection, and interdiction of illegal drug trafficking, for alternative development and replacement of coca crops, and for the prevention, treatment, and rehabilitation of drug addicts into society.

The decree also indicates that the CONALID [National Council Against Drug Abuse and Illegal Drug Trafficking] will be headed by the foreign minister. The other members will be the ministers of planning, campesino affairs, health, education, defense, finance, and aeronautics.

CONALID will have the following functions:

—It will enforce the Law of Regulations for Coca and Controlled Substances.

—It will establish government policy on controlled drugs.

—It will coordinate and evaluate the implementation of the antidrug plans and projects prepared by the operational areas.

—It will establish public investment priorities in this area to be included in the national budget, and it will regulate national policy for the control and illegal use of drugs and drug trafficking.

The decree also establishes the functions of the CONALID members.

Chapter III of Section VI refers to the responsibilities of the Permanent Council of Coordination, which will coordinate the implementation of national policies in the areas of interdiction, alternative development, and prevention.

The decree also establishes the responsibilities of the National Executive Directorate, which will support and coordinate the technical and administrative activities for the operation of the Permanent Council of Coordination. It will also coordinate the operational activities of the Under Secretariats of Social Defense, Alternative Development, and Prevention.

Furthermore, the decree regulates the functions of the National Executive Directorate and the National Fund for Alternative Development. It also establishes the structures for the operational and administrative under secretariats. [passage omitted]

Colombian Drug Traffickers Reportedly in Chapare

PY0512212789 La Paz PRESENCIA in Spanish 27 Nov 89 Section 2 p 1

[Excerpts] Chimore, Cochabamba, 26 Nov (PRESENCIA)—The Special Antinarcotics Force, headquartered in the Chapare region, is confiscating a monthly average of 500 kg of cocaine as a result of "strict controls and the success of its agents."

Colonel Mario Velasco, commander of the Mobile Units for Rural Areas (UMOPAR), has said that, despite equipment and personnel limitations, "our efforts are

strong and resolved" and they have allowed us to deal "harsh blows to drug trafficking." [passage omitted]

Regarding the presence of Colombian "drug traffickers" in this area, Col Velasco said that there is information on their presence, but "we have not actually had any contacts with them or detained any of them."

Col Velasco pointed out that investigations based on intelligence data are under way. These investigations will allow us to learn more about them and, if possible, make some arrests, he said.

Col Velasco said: "Anybody who does not have legal documents, especially foreigners, is being investigated. We are maintaining strict control at our checkpoints. We do indeed have information (about the alleged presence of Colombians), but, I repeat, we have not had any type of contact with them."

Brazil

Candidates Collor, Lula Discuss Issues

PY0512170089 Rio de Janeiro Rede Globo Television in Portuguese 2330 GMT 3 Dec 89

[Debate between presidential candidates Fernando Collor de Mello, of the National Reconstruction Party, PRN, and Luis Inacio da Silva, Lula, of the Workers' Party, PT; panel of questioners includes journalists Luis Fernando Emediato of the Brazilian Television System, SBT; Luis Fernando Mitre of Rede Bandeirantes; Joelmir Betting of Rede Globo; and Carlos Chagas of Rede Manchete. Moderators include Marilia Gabriela of Rede Bandeirantes, Boris Casoy of SBT, Alexandre Garcia of Rede Globo, and Eliakin Araujo of Rede Manchete; from the studios of the Rede Manchete in Rio de Janiero—live]

[Excerpts] [Gabriela] [passage omitted] What emergency measures will you two adopt in the first days of your administration?

[Collor] [passage omitted] Regarding my short-term policies, we must remember that inflation undoubtedly causes the most difficulties in our lives. First, we will fight inflation and protect the real purchasing power of the workers' salaries. Second, we will relentlessly fight perquisites, the oversized state organizations, inefficiency, corruption, and all the maharajas. Simultaneously, we will pay special attention to social policies that seek to enable the people to buy their basic staples at prices that are really accessible to all wage-earners, thus putting an end to all domestic economic problems. It is fundamental to fight inflation, to protect the purchasing power of the workers salaries, and to implement a social policy that will meet the basic needs of the Brazilian people.

[Lula] [passage omitted] I have concrete proposals that will enable us to reduce inflation, and we have been explaining them to the people since the beginning of my electoral campaign. We believe that if we do not solve the foreign debt problem and do not renegotiate the domestic debt, we cannot even dream of reducing the national inflation rate. Brazil cannot continue to pay 4.5 percent of its annual GDP in interest to the international creditors. Brazil cannot continue to stimulate financial speculation through the over [preceding word in English, referring to overnight market operations] and paying daily interests of up to 3 percent to obtain money. An urgent renegotiation must be conducted as the first step toward reducing inflation rate in the country. [passage omitted]

[Emediato] In several electoral rallies last week, you said that your agrarian reform will be implemented exclusively in nonproductive properties, but in your government program you say that the PT administration will propose a review of the Federal Constitution article on nonproductive property and will propose a limit on the size of private properties and expropriate areas that exceed this limit. Which of the two statements is true?

[Lula] I do not know whether you have been benevolently following my electoral campaign. My fellow party member Jose Gomes da Silva, former INCRA [National Institute of Land Reform and Settlement] chairman, and I launched our agrarian reform program and our program on agricultural policies in the town of Lavras 2 days ago, and then in Turvo, Parana State. We did this to counteract the rumors spread by evil people who said that we wanted to implement agrarian reform in properties as small as 1 or 2 hectares. We have established a maximum size on nonproductive properties: In the northern region the limit is 1,500 hectares; in the center-western region it is 1,000 hectares; and in the rest of the country, mostly the southeastern and southern regions, it is 500 hectares. Nonproductive properties that exceed this limit may be expropriated within the framework of the agrarian reform program. I have been saying this publicly. I have been saying that the agrarian reform is a basic condition for Brazilian development. Brazil cannot develop without agrarian reform, which is the basis for an adequate agricultural policy that will grant low-interest loans to small and medium-sized farmers. First we must conduct a survey in each state, in each county, to find out which nonproductive land must be expropriated. The next step is to settle rural workers there, grant them technical assistance, and guarantee prices and transport for their crops.

We are saying this because, if we succeed in implementing the agrarian reform and in making the farmers produce, we will be in a position to end the worst Brazilian evil: absolute poverty. [passage omitted]

[Mitre] What can you do to adequately, and in an orderly manner, transfer the capital that is currently controlled by the private financial sector to the productive sector?

[Collor] Basically, by increasing the people's credibility and confidence in the government. Currently, capital is being invested in the highly speculative world of the

extremely short-term loans that yield an almost immediate profit. This shows absolute distrust in the economic policies and in the government organizations which lack legitimacy, authority, seriousness, and efficiency. This in turn creates fear within society. We need a government that has been made legitimate by the people's vote. This is the shock I propose: the shock of credibility. From then on our economic program—which has introductory measures, a long term section, and a final part—will open the country to domestic and foreign private capital in accordance with certain specific rules that we will set. Any excessive flow of capital will undoubtedly be channeled into the productive sector of our economy. [passage omitted]

[Betting] The government will have no money next year for anything; it will barely manage to pay the public employees' salaries. The government will not obtain foreign money, and has already stopped honoring its foreign debt. It will have no means of increasing taxes until December 1990 and will not be able to increase the domestic debt or help the indebted state-owned companies. Where will you get funds to implement your program of reforms, investments, and public works?

[Lula] If there is a positive balance, the budget can be modified as of June 1990. We must start to work to make the balance become positive so that we can implement the social program we have promised the Brazilian people. I must point out that tax evasion in the country amounts to almost 9.5 percent of the GDP. If we want to comply merely with the articles of our Constitution on social insurance, we will have to grow at an annual rate of 4 percent and also invest $9 billion to pay for the social benefits foreseen in our Constitution. If we have a fiscal policy that encourages the people to pay for what they owe the state, if we reorganize the state-owned enterprises, if we suspend payments on the foreign debt, and if we renegotiate the domestic debt, then we will surely have money to invest in the social projects. [passage omitted]

We will obtain the funds if we reorganize the state-owned companies, if we reorganize the public administration sector, and if we reduce superfluous expenses. After 4 or 5 months, we will have enough money to implement the social programs that will reduce the difficulties that the people are currently facing.

[Collor] My opponent's answer clearly shows that he will cheat on the domestic and foreign debts. He fully repudiates both debts. We have the example of the countries that decided to tread this radical path of irresponsibility and unilateralism. We cannot cheat on our debt because this would sink Brazil deeper into difficulties. We must renegotiate the debt on other terms. We must decentralize the debt negotiation. Our main philosophy is centered not on how much we can grow after paying the foreign debt, but on how much we can pay after we have granted our economic growth. We must make our economic growth a priority. Our proposal on the foreign debt establishes that we will pay interest to a maximum of 2 percent of our GDP, which is the equivalent of nearly $5 billion—almost $15 billion less than we paid last year. This is where we will get the money to invest in the social reforms program.

[Chagas] Governor Collor, if you are elected, do you intend to change the Brazilian tax system? A second question, do you believe that a salary is (?net) income?

[Collor] [passage omitted] Yes, we must implement a broad fiscal reform. Those with capital seek, and succeed most of the time, to evade their obligation of paying taxes. This does not occur with salaries, because there are mechanisms that control salaries and prevent the wage-earners from eluding the brutal drain on their salaries by the payment of taxes. This policy must be reviewed. We must capture the tax on capital that is in this nonproductive area by fighting tax evasion, by fighting those who owe taxes and do not want to pay them. It is part of our program to create special courts to try the cases of people who are stealing from our nation by not paying their taxes.

The program also proposes a thorough review of the incentives being currently granted. Incentives and subsidies are privileges, they are synonymous. We will have to review all of these subsidies and privileges to find out which are being unduly and badly granted. We must also cut down on fiscal expenses that do not clearly coincide with our intention of using this fiscal reform to supply us with the cash needed to conduct the investment program that we want to implement in the next 5 years.

[Lula] First, I firmly believe that the government must be serious in dealing with the fiscal policy. We should start by making it clear that, by collecting taxes, the government is receiving what is due. We must put an end to amnesties that are granted to people who fail to contribute to the country's treasury and who, despite all that, manage to obtain a financial amnesty.

Second, the government must punish those who fail to pay their taxes. Poor people are never tax evaders, those who receive pay checks never fail to pay their taxes because the taxes are automatically deducted from their salaries. The speculators, however, have the opportunity to prepare their own income tax declarations and most often fail to pay their taxes. The government must also stop proselytizing with the people's money. The government must stop subsidizing steel, which is sold for half of its real price; and gasoline, which is also sold for half of its real price. If the government stops forcing the state-owned companies to bear losses of almost $34 billion, as occurred in 1984 and 1989; if the government stops losing 1.7 trillion new cruzados in fiscal incentives, then I am sure that we will have an adequate fiscal policy that will allow the country to have money to invest in the social area projects.

[Collor] Undoubtedly, tax reform is one of the three reforms proposed in our government program. If, through this fiscal reform, we fight tax evaders, if we put them in jail—to show that the government is seriously

willing to implement the fiscal policy—we will collect more than $45 billion in the next 5 years. This $45 billion will be used in several projects: nearly $18 billion in the construction of inexpensive homes because of a deficit of 12 million cheap homes in Brazil, thanks to the deterioration of the housing financing system. This system only lent money to build luxurious apartments fo. those who did not need a roof over their heads. In addition, we will invest three times more in the health sector. We will do all that with the funds obtained from the fiscal reform that you can be sure I will implement as of my first day in office. [passage omitted]

[Casoy] Please tell us how you will fight absolute poverty, what funds you will use in this fight, and where you will obtain these funds.

[Lula] I clearly said at the beginning of this debate that if we suspend payments on the foreign debt, if we create a development fund, if we request an audit on the debt as our government program proposes, if we renegotiate the domestic debt, if we succeed in moralizing the public administration—beginning with the state-owned companies, and if the government collects the taxes that are owed to it, we will have money to invest in the social area policies. By social policy, I mean not only to be able to give things to the poor but, above all, to create conditions that will allow the poor people to stop being beggars, to stop owing favors to all. This is why I said that as of January, to ensure a good crop, I will start visiting the regions where beans are planted. Beans are an essential source of protein and calories for the Brazilian people. We will thus make sure that all Brazilians will be able to eat. [passage omitted]

I believe it is possible to improve health assistance, to feed the people better, and to create new jobs—thus putting an end to poverty. This is not an easy task and cannot be merely an electoral campaign promise. There must be a political compromise and the working class must become our government's priority. We must clearly say that the wealthy will have to forfeit some money to allow the poor to start eating. [passage omitted]

[Mitre] Candidate Luis Inacio, I believe we must go back to the agrarian reform: How will you expropriate land, and how would you pay for these expropriations? What type of owners and properties will be excluded from the expropriation project? What will be the real participation of the organized workers in the agrarian reform that is proposed by the PT?

[Lula] First, you know better than anyone else that the Constitution has inaccurately defined agrarian reform. The Constitution succeeded in going back to the 1964 policies on land ownership. It is obvious that we may change the Constitution when we make the rules that will establish the concept of productive land. This is why the People's Front of Brazil program establishes the idea of creating size limits for properties in various regions of the country. The land surpassing these limits will be expropriated, and the expropriation will be paid for with agricultural debt bonds. We will establish a policy to be implemented simultaneously with the agrarian reform. This policy consists of helping almost 3.8 million small farmers, without having to resort to the use of public funds. We will implement a policy of low-interest loans, which can even be indexed. For example, if a small farmer borrows money to buy seed corn, he can pay the Banco do Brasil for this loan in bags of corn to be delivered to the already existing CIBRAZEM [Brazilian Warehousing Company]. Small farmers will no longer live under the threat of losing their land to the Banco do Brasil, or any other bank. [passage omitted]

[Collor] [passage omitted] Agrarian reform can only be implemented if supported by an agricultural reform. Brazilian farmers cannot plant because they have no money, and because interests on loans are sky-high. If the farmers cannot plant, if they cannot produce, there is no food for the people. We basically need a responsible agrarian reform policy which will abide by the laws and will respect justice. We cannot stimulate land occupation and then expropriate the occupied land as part of an agrarian reform policy because this goes against the democratic spirit of the Brazilian people and government.

[Araujo] [passage omitted] I would like to hear the two candidates' opinion on the privatization of state-owned enterprises and would like them to name the companies that their two electoral teams believe should be privatized.

[Lula] Everyone knows how much we resist the privatization of state-owned companies in Brazil. As a result of our criticism, we have been able to prevent the privatization of Mafersa [Materiais Ferroviarios S.A.—Railroad Material, Inc], because this company, which has a capital of more than $100 million, was going to be privatized for only $22 million. In addition, it was disclosed that an allotment of almost $30 million had already been approved for this company.

When we criticize state-owned companies, we fail to explain clearly why they often run a deficit. Let us consider the case of the Companhia Siderurgica Nacional [National Steel Making Company] here in Volta Redonda. Last year its losses totalled $400 million, but this loss was not a result of an excessive number of employees or because these employees were too well paid. It resulted from the fact that the steel, which is produced by the company, is sold to the car-making industry at half of its real price. Petrobras [Brazilian Petroleum Corporation] is not making the necessary profit because it is selling gasoline for $99 instead of selling it for $177 [no unit of measurement given] to finance the petrochemical center. Those who want to privatize the Banco do Brasil say that it did not make the same profit as the Bradesco [Brazilian Discount Bank], but they should have the courage to say that between January and July of this year the Banco do Brasil

invested 47 percent of its capital in credits while Bradesco, which made a huge profit, invested almost 56 percent of its capital on the overnight market operations.

State-owned companies use the people's assets and the people's money to subsidize private sector operations. A few days ago, JORNAL DO BRASIL published a 1-page article which shows that some of the large businessmen who now criticize the state-owned companies have received almost $4 billion from these same companies.

We support the moralization of the state-owned companies. We believe that, if they are moralized and society creates a consultative council to help supervise these companies, they will become more productive, more profitable, and administratively moralized.

[Collor] [passage omitted] Now, regarding the privatization issue: One of the great evils facing our country today is caused by the presence of the state in the economy.

The state is a giant. It is inefficient, and it is corrupt. The state controls 75 percent of the Brazilian economy, yet despite being a gigantic apparatus it is unable to pay dignified salaries, it is unable to supply enough chalk for the teachers in the schools, it is unable to distribute Mercurochrome and gauze to health posts to heal children who fall from their bicycles or who hurt themselves while playing ball on the street. Despite being gigantic, the state is inefficient.

This is why I support a reduction of the state apparatus. Why should the state be the owner of textile factories, of book factories, of book stores, of zipper factories. Each cent the state invests in each of these factories is one cent that is not invested in education, health, or housing.

This is why I wish to reassert that I believe the state should restrict itself to its basic commitments, which are housing, food, and urban transportation. Particularly, it must uphold a salary policy that protects workers' salaries.

Naturally, a lot is said about this issue. My adversaries charge that I want to privatize the Banco do Brasil. This is absurd. The Banco do Brasil is one of the untouchable Brazilian institutions. We have to ensure that the Banco do Brasil once again promotes agricultural development. The Banco do Brasil and other strategic state-owned companies cannot and should never be privatized because they are the heritage of the Brazilian people. Other companies, however, should be privatized. [passage omitted]

Navy To Install PWR Nuclear Reactor in 1995

PY0512181089 Sao Paulo FOLHA DE SAO PAULO in Portuguese 3 Dec 89 p A-4

[Text] The Aramar Experimental Center [Centro Experimental Aramar—CEA], in Ipero (125 km west of Sao Paulo), will install a PWR (a reactor that uses pressurized water to cool its nucleus) nuclear reactor in 1991. The reactor is scheduled to go live in 1995. This was reported yesterday during a news conference by Rear Admiral Othon Luis Pinheiro da Silva, the president of the Special Projects Coordinating Board (COPESP), which is dependent on the Navy. The COPESP is responsible for the project.

Nuclear reactors produce energy from the reactions that occur among atom nuclei. When the nuclei of uranium atoms break up, a lot of energy in the form of heat is released. The reactor uses this heat to produce steam, which is used to drive electricity generators. The PWR reactor uses the heat of the reaction to make the pressurized water cool the uranium.

According to studies by the COPESP, by mid-1990 Aramar will supply fuel for the nuclear reactor of the Institute for Nuclear and Energy Research (IPEN), the only institute in the country which produces radioisotopes (radioactive material) for medical use. The IPEN nuclear reactor is not working at full capacity because of the lack of enriched uranium. In 1989 Aramar processed 400 kg of uranium, compared to 4 tons (4,000 kg) foreseen for 1990.

Pinheiro da Silva said that he "is working with a tight budget" and with funds mainly provided by the Navy Ministry. A $50 million (717 million new cruzados) budget has been requested for 1990, of which 70 percent will be invested in equipment and reactor components. Since 1979, the Brazilian nuclear program has spent $279 million (3.9 billion new cruzados), Pinheiro da Silva said.

According to the rear admiral, the uranium is being enriched to 20 percent and "there is no need for more than that." He added that the process does not produce radioactive waste (atomic waste), but when the reactor begins to work, the spent uranium will be placed in a storage pool.

The rear admiral said he does not believe that Luis Inacio Lula da Silva (People's Front of Brazil) will stop the research projects that are being carried out if he becomes president.

Chile

Merino on Political Situation, Castro Mediation

PY0612112289 Santiago Domestic Service in Spanish 2200 GMT 5 Dec 89

[Text] Admiral Jose Toribio Merino Castro today stated that the Chilean Government Junta has decided to meet twice a week, Tuesdays and Thursdays, in order to expedite the handling of draft laws currently under consideration. Asked about the political situation in Chile, Merino said that everything is calm.

[Begin Merino recording] The political situation is calm, except for the leftists—that is, not the leftists in general but those who like throwing bombs and killing people. They are the ones that are marring an extraordinarily

perfect democratic process. This situation is unique in the world, because I believe that all those who can vote have been registered, at least 99 percent of them. [end recording]

Adm Merino added that the prevailing calm must continue under the next administration.

[Begin Merino recording] The peaceful atmosphere must continue if we are to live in a democracy respectful of the people and their rights. What I mean is, as long as there is respect, there will be tranquillity. [end recording]

Adm Merino stated that the new Central Bank executive board will ensure greater stability, especially in the exchange rate for foreign currencies. Asked about Fidel Castro's recent offer to mediate between Chile and Bolivia, Merino said that the Cuban dictator has no business meddling in Chile.

[Begin Merino recording] [Words indistinct] Fidel Castro. This scarecrow would do better to keep his mouth shut because he has no business meddling in Chile. [Words indistinct] a clear idea of perestroyka and the other lessons that Gorbachev is teaching [words indistinct]. He probably thinks that Bolivia is about to fall into the hands of the communists because those in the government there are leaning to the left, and that Chile will follow suit. So he figures that he, as a leftist, will have the chance to meddle in Chilean affairs. Not so. Nobody except we Chileans will handle our affairs.

The best thing this Castro can do is stay home. He has already visited Chile; I met him, and so did others. He spent a whole night talking to [name indistinct] in Punta Arenas when I met him. So he has nothing to do here. [end recording]

Adm Merino concluded by saying that on the day of the election he will stay in his office, just in case.

State Television Airs Free Electoral Campaign

PY0512034489

[Editorial Report] Santiago Television Nacional de Chile Network in Spanish at 1700 GMT on 4 December begins broadcasting a free electoral campaign program for the general elections on 15 December.

The program lasts 6 minutes and is divided into five segments. The first segment, which lasts 2 minutes, begins by showing electoral campaign signs of the different parties and emphasizes the importance of voting. The second segment shows pictures and names of the Independent Democratic Union candidates for deputy and senator and calls on the people to vote for them. The third segment shows a woman who is a member of the Broad Front of the Socialist Left talking about the democracy and human rights advocated by the party. The fourth segment promotes Socialist candidate Busch, and the fifth calls on people to vote for the candidates of Javier Errazuriz' ticket.

Santiago Television Nacional de Chile Network in Spanish at 0030 GMT on 5 December begins broadcasting a free electoral campaign program that lasts 21 minutes and is divided into three 7-minute segments. The first segment shows the electoral campaign of presidential candidate Francisco Javier Errazuriz. A clip shows people smiling at the thought of a promising future. Errazuriz speaks about his distrust of current polls and explains that he is the second strongest candidate. He calls on people to think before voting.

The second segment promotes Patricio Aylwin. A woman talks about the new political climate in Chile. A clip shows people working. Aylwin appears and warns against divisions among Chileans. He says that his program is serious because Chileans want peace and progress. Another clip emphasizes Aylwin's recent European tour, where he received the treatment of a head of state. Aylwin is shown meeting with the Spanish king and prime minister, with French President Mitterrand, with high German and Italian officials, and with the Pope. Aylwin represents the end of Chilean isolation and the recovery of world recognition, says a party member.

The third segment is in support of Hernan Buchi. A clip shows large crowds at Buchi's rallies. Voices are heard in the background praising Buchi's qualities as a man and as a politician. Another clip emphasizes that 80 percent of Aylwin's supporters were members of the Popular Union, that most of them are Marxists, and that they advocate violence.

Ministry Issues Communique on Church Dialogue

PY0512143689 Santiago Domestic Service in Spanish 0930 GMT 5 Dec 89

[Text] Defense Minister Vice Admiral Patricio Carvajal has issued a communique in connection with a 3 December report published by the Santiago press. The communique states that any official contact with national defense institutions should be made exclusively with the branch's commander in chief.

The communique was released by Air Force Commander Osvaldo Carrasco, a Defense Ministry aide-de-camp. It reads as follows:

[Begin Carrasco recording] Declaration by the defense minister:

In the wake of press reports published yesterday, Sunday, 3 December 1989 —according to which Bishop Carlos Gonzalez said that, quote, the Catholic Church has held high-level talks with the Armed Forces on issues such as how to successfully carry out the transition; how to tackle the human rights issue; how to build a synthesis of justice, truth, pardon and reconciliation, etc., unquote—it is the defense minister's duty to clarify the following:

The contacts for holding talks with the national defense institutions, especially if the talks concern political

issues like the transition to democracy and human rights, should be made only with the branch's commander because, except for cases in which the commander has given his authorization, no one else can claim to be his representative.

Santiago, 4 December 1989

Signed: Defense Minister Patricio Carvajal [end recording]

Minister Resigns, Takes Central Bank Post

PY0512174889 Santiago Radio Chilena Network in Spanish 1600 GMT 5 Dec 89

[Report by Eliana Henriquez from La Moneda Palace]

[Excerpt] [Passage omitted] Finance Minister Enrique Seguel has denied rumors that there will a bank holiday on 15 December. Seguel, who has been designated new director of the Central Bank, has reported that he has resigned from the post of finance minister because a Central Bank director cannot hold any other public or private positions. Concerning the designation of new Central Bank directors, Seguel said that it reflects the country's great capacity to continue to advance, adding that President Pinochet has once again given testimony that he has the political flexibility that is needed for the sake of national harmony.

Pinochet Appoints New Justice, Police Officials

PY0512123089 Santiago LA TERCERA DE LA HORA in Spanish 1 Dec 89 p 16

[Summary] On 30 November Justice Minister Hugo Rosende announced that President Augusto Pinochet recently appointed Hernan Novoa new under secretary of the Justice Ministry. Up until now, Hernan Novoa has been national director of the Gendarmerie of Chile, a post that will be filled by Colonel Horacio Lopez Gonzalez.

Cost of Living, Inflation Figures Reported

PY0612024489 Santiago Domestic Service in Spanish 2200 GMT 5 Dec 89

[Excerpt] The cost of living increased by 1.7 percent in November, thus confirming the experts' predictions that the 2.9 percent increase experienced in October would not be repeated. The inflation rate for this year is expected to stay under 20 percent. This information was released today by Luis Gatica, deputy director for operations at the National Institute of Statistics.

[Begin Gatica recording] The November cost of living increased by 1.7 percent since October. The accumulated increase over the last 11 months is 18.9 percent, and the accumulated increase for the last 12 months is 21.1 percent. [end recording] [passage omitted]

Colombia

Further on Avianca Crash, Explosives

'Communique' on Crash Published

PA0512152789 Paris AFP in Spanish 1303 GMT 5 Dec 89

[Text] Bogota, 5 Dec (AFP)—An unidentified explosive probably caused the disintegration of the Colombian Avianca Boeing 727 which exploded in midair 9 days ago in Soacha Jurisdiction, 25 km south of Bogota, causing the death of 111 persons, it was reported today by the newspaper EL ESPECTADOR in this capital.

The newspaper today reprinted as an exclusive a communique from the National Transportation Safety Board (NTSB), the Federal Aviation Administration (FAA), Boeing, the FBI, a commission of U.S. Embassy antiterrorist experts, and an Avianca commission stating that there is evidence there were explosives aboard the aircraft.

The document published by EL ESPECTADOR has not been denied nor confirmed by the investigators or by Colombia's Civil Aeronautics Board.

On 27 November, an anonymous telephone call from the group called The Extraditables (drug traffickers who oppose extradition to the United States) to a local radio station claimed responsibility for the terrorist attack on the Avianca airplane.

Report 'Not Authentic'

PA0512154589 Bogota Radio Cadena Nacional in Spanish 1200 GMT 5 Dec 89

[Text] Sources close to Colombian civil aeronautics informed RCN [Radio Cadena Nacional] a few minutes ago that the communique published today in EL ESPECTADOR in connection with the Avianca airplane accident is not true. As we reported earlier, today's EL ESPECTADOR newspaper has an alleged communique signed by U.S. authorities such as the National Transportation Safety Board, the Civil Aeronautics Board, the FBI, and Avianca Airlines.

Colombian civil aeronautics spokesmen have just said the communique is not authentic. When these spokesmen were asked where the newspaper obtained the communique, they replied they did not know. I repeat, someone close to civil aeronautics, an official source, said that beginning at 0900 on 4 December, the two black box flight recorders recovered from the Avianca plane were being decoded in Washington. This will take 10 more days. Only in 10 days will we know exactly what happened, according to the information from the black boxes.

Unofficially, I repeat, this is not an official civil aeronautics report, but information from a source close to

them who says that no communique has been issued and that the published communique is not authentic.

Minister Confirms Bomb Report

PA0512222289 Madrid EFE in Spanish 1932 GMT 5 Dec 89

[Text] Bogota, 5 Dec (EFE)—Colombian Government Minister Carlos Lemos Simmonds advised today that a bomb was the cause of the Avianca plane accident on 27 November in which 111 people were killed.

Lemos said: "All the preliminary reports I have received agree that a bomb" was the cause of the Avianca plane crash.

The investigations of the disaster, which have not yet been completed, do not rule out the possibility that a bomb could have caused the crash of the Avianca airliner, a Boeing 727 with registration no HK1803.

Minister Lemos, who is in charge of the Colombian Presidency for the time being because of President Virgilio Barco's visit to Japan, said this "is extremely sad news for Colombia, and it should be considered a warning of what awaits us."

Carlos Lemos Simmonds personally advocates the government's stance in favor of the extradition of drug traffickers and opposes the proposal to include that issue in the upcoming plebiscite, as the Chamber of Representatives has proposed.

Minister Lemos stressed that the cause of the plane crash "was a bomb." The minister described the attack as a "demonstration" of what drug traffickers are capable of doing.

The liberal Colombian newspaper EL ESPECTADOR today published a report attributed to the National Transportion Safety Board, to the Federal Aviation Administration—both U.S. offices—and the Boeing Company, which made the plane, asserting that the accident was the result of an attack.

The U.S. Embassy, however, has asserted that "there is no definitive conclusion (about the accident) and no U.S. Government agency has issued any communique concerning the accident."

The Civil Aeronautics Directorate advised, however, that the report is authentic, but that it is still unfinished. He added that the report is part of the general investigation being conducted with regard to the accident. The Civil Aeronautics Directorate stated that the final results of the investigations will not be released until at least 10 days from now.

The EL ESPECTADOR report says that a bomb was placed in seat 15-F, in the middle of the plane, by a passenger who did not travel at the last minute and who gave false personal information to the airline.

The document adds: "There is unmistakable evidence about the use of a bomb inside the passenger cabin. The chemicals the bomb contained and its detonation system are still unknown."

The plane, which was travelling from Bogota to Cali in southwestern Colombia, broke into pieces while still in the air a few minutes after the takeoff and fell to the ground already broken in three pieces.

All the people on board were killed in the crash and their bodies were spread over a 5 km radius.

Gunmen Kill Another Judge in Medellin

PA0512192989 Paris AFP in Spanish 1844 GMT 5 Dec 89

[Text] Bogota, 5 Dec (AFP)— Colombian Judge Bernardo Jaramillo Uribe was assassinated at noon today in Medellin, located 500 km northwest of Bogota, it was reported today by the National Police.

This is the fourth judge riddled with bullets by unidentified gunmen—apparently paid assassins at the service of the drug trafficking mafias—in Medellin within 5 months. Judge Maria Helena Diaz was assassinated on 28 July, Medellin Higher Court Magistrate Hector Jimenez was killed on 17 October, and Magistrate Mariela Espinoza was killed on 1 November.

Jaramillo Uribe worked as a judge of the 13th Criminal Court in Medellin, the headquarters of the Medellin drug cartel.

A police report indicates that Jaramillo Uribe was fired on from two cars in the western sector of the capital of Antioquia Province as he was leaving his office.

The crimes have led to protests and strikes by Colombian judges and judicial branch officials, who have demanded better protection from President Virgilio Barco's Liberal Party government.

Judge Jaramillo Uribe was investigating the massacre of 43 people in the town of Segovia (located in the west) by a paramilitary group, and the murder of Colonel Waldemar Franklin Quintero, commander of the Antioquia Police.

Chamber of Representatives Approves Pardon Law

PA0612014489 Madrid EFE in Spanish 0112 GMT 6 Dec 89

[Text] Bogota, 5 Dec (EFE)—The Colombian Chamber of Representatives today approved by an absolute majority the pardon law that will benefit the 19 April Movement (M-19) guerrillas. This law is a basic part of the peace process between the M-19 and Colombian President Virgilio Barco's government. The pardon was approved by a vote of 136 in favor and 7 against.

Paraguay

Lawyer Petitions for Arrest of Colorado Leaders

PY0512151789 Asuncion EL DIARIO in Spanish
5 Dec 89 p 8

[Text] Lawyer Antonio Acuna Diaz yesterday filed a petition for the arrest of Juan Ramon Chaves, Luis Maria Argana, Angel Roberto Seifart, and Edgar L. Ynsfran for alleged contempt of the court order that suspended last Sunday's Colorado "convention." The court order had been issued by Judge Alicia Pucheta de Correa.

Acuna Diaz filed the petition with the Supreme Court, together with another petition calling for the suspension of Chaves, Argana, Seifart, and Ynsfran as lawyers "for misconduct."

Acuna Diaz, who is politically identified with the "democratic" faction of the Colorado party, did not provide any legal justification to back up his charge of contempt of court; he simply notes that the Colorado leaders whose arrest is requested "have directly contradicted the law."

Lawyer Acuna Diaz, however, justifies his request for the suspension of their status as lawyers under Article 94 of Law 879/81 on Judicial Organization.

The contempt of court, allegedly committed by Chaves, Argana, Seifart, and Ynsfran, is punishable by fines of between 1,097,560 and 3,292,200 guaranies.

Communist Party Holds First Rally in 42 Years

PY0512204989 Asuncion HOY in Spanish
5 Dec 89 p 10

[Text] A rally held last night at the "People's House" of the Febrerista Revolutionary Party (PRF) requested that the legal status of the Paraguayan Communist Party (PCP) be restored. The rally was held to mark the 14th anniversary of the disappearance of PCP General Secretary Miguel Angel Soler, and about 200 people participated. The PCP has not held a rally in Paraguay for 42 years.

Relatives of Soler and other missing PCP members attended the rally, including Mercedes de Soler (the widow of the missing leader), relatives of Derlis Villagra (a former PCP general secretary), and relatives of Americo Villagra.

Dr. Miguel Abdon Saguier, a PLRA [Authentic Radical Liberal Party] leader, spoke at the rally, saying: "On this occasion, we will not let the reactionaries and oligarchs take the future away from us."

'Restructuring' of Police Forces Ordered

PY0612022089 Asuncion HOY in Spanish
30 Nov 89 p 31

[Excerpt] Police Inspector Bernardino Aguero Acosta was appointed deputy police commissioner yesterday. The police chief has reportedly ordered a restructuring of the police force by establishing 8 zones made up of 10 police precincts each. Each of these zones will be headed by an official who answers directly to the police chief. This restructuring is aimed at providing better service. A women's police office has also been established, and it will operate out of Police Precinct 12 in the Trinidad neighborhood.

The police chief appointed Bernardino Aguero Acosta police commissioner to replace Police Inspector Artemio Monges Ocampos. Police Chief Francisco Sanchez installed Aguero in his new post yesterday. [passage omitted]

DIBEN's New Administration Council Installed

PY0112205789 Asuncion HOY in Spanish
1 Dec 89 p 6

[Summary] President Andres Rodriguez yesterday installed the new administrative council of the Charity and Social Help Directorate (DIBEN).

The new director general is Carlos A. Merzan and the council members are: Mirtha Rodriguez de Saba, Maria Frutos de Meyer, Horacio Loizaga, Alarico Quinonez, and Victor Ramirez Gonzalez. Miguel Angel Pangrazio was named DIBEN legal counsel.

MOPOCO Movement To Publish Newspaper

PY0112195089 Asuncion ABC COLOR in Spanish
30 Nov 89 p 5

[Summary] The Colorado Popular Movement (MOPOCO) has officially launched its own newspaper, EL MOPOCO, which initially will be published monthly and later every 2 weeks, depending on public acceptance. This newspaper will be managed by Edgar Cataldi under the supervision of the MOPOCO Coordination Board.

Peru

* Vargas Llosa Discusses Economy, Campaign

90ET0039A Lima CARETAS in Spanish
30 Oct 89 pp 30-35

[Interview with Fredemo presidential candidate Mario Vargas Llosa by Luis Pasara: "Asian Fever"; date and place not given; first paragraph is CARETAS introduction]

[Text] After his visit to the Far East, Mario Vargas Llosa evaluates his experience and returns to the election debate. In this interview the presidential candidate who is leading in the polls reviews his 4-week visit to Asian

countries and reviews what he learned during the trip. Vargas Llosa also discusses the significance of a possible win by Belmont in the Lima municipal elections and offers his interpretation of the crisis which the Left is now going through.

[CARETAS] After your trip to the Far East is it your intention to turn Peru, not into a European country, as you said in one interview, but into an Asian country?

[Vargas Llosa] Those countries have been Westernized in economic terms. The interesting fact is that all of them, perhaps with the exception of Singapore, have taken advantage of their own cultural tradition to enrich the Western contribution with certain traditional virtues. For example, the clan spirit in Japan, Taiwan, and Korea has been turned into loyalty to a company and gives it an extraordinary, productive force.

However, I would like to go into the essential aspect of the trip. When I was a university student, we used to speak of "Taiwanization" as the worst ignominy which could happen to a country. Today Taiwan is, from the Latin American point of view, very prosperous. It has wiped out poverty. "Taiwanization" has succeeded in giving the poverty-stricken country of 30 or 35 years ago probably higher living levels than those of any Latin American country. After seeing those countries the conclusion which I draw is that Latin America was mistaken. At a given moment it made the wrong choice, and among the countries which made the worst mistake is our country.

At the same time what the Asian countries prove is that any country in the world can achieve development and prosperity. Today there are ways in which a country can overcome all of its limitations of an economic, cultural, or political kind, provided that it has the will, makes the necessary effort, and has an intelligent perception of what modernity is. In that respect, unfortunately, Latin America made an error.

[CARETAS] But that error by Latin America is a liability which has to be charged to some cause in some way. It cannot be erased by a simple decision.

[Vargas Llosa] No, but I am moderately optimistic now, because the crisis is a learning experience which the Latin American countries have not had up to this point in their history. At least not in the history of our country, nor have we had certain points of view concerning it, or a foreign example to follow. The crisis is educating increasingly more substantial groups in the country on what must be done and, perhaps even more important, on what must not be done. That is my hope, that this will be the positive aspect of the crisis, that it will lead us to take a pragmatic approach. This involves accepting that the path to progress involves adopting a liberal and open model of a market economy. It means that we must renounce reliance on the state, on collectivism, and on all of what has been pushing us into a state of underdevelopment.

[CARETAS] However, the crisis has also set down limits which did not exist 20 years ago, when Latin America made its basic mistake, and which did not exist, either, when the Asian countries began to receive foreign investment. You are encouraging easy hopes in foreign investment which is not available to Latin America.

[Vargas Llosa] That is a pessimistic position. Let us look at the investment figures in Chile. That country is attracting very substantial amounts of foreign investment, and from very different sources than those which have been traditional for Latin America: Australia, New Zealand, Canada, and Japan. Those investments are being made precisely because Chile has an economy which is attractive to foreign investment. We have something which the Asian countries do not have: a great variety of natural resources and raw materials which those countries need to supply their industries. That is one of the possibilities which we have, that is, one of the comparative advantages which Latin America has, and Peru in particular.

We must not be naive and think that those investments are going to come to us immediately. One of the conclusions which I have drawn, after making this trip, is that there are two essential requirements to be met before we can think seriously of this kind of investment. The first requirement is the pacification of our country—at least reducing significantly the climate of risk in which our country is living. The second requirement is to rejoin the international financial community. As long as there are no guarantees from the IMF and the World Bank, neither governments nor large companies will support Peru in any significant way. They made me aware of this in an unmistakable way. Those are two difficult, but not impossible conditions. We have to try to modernize this country, following good examples and making use of them.

[CARETAS] Are the Asian countries good examples?

[Vargas Llosa] I think that all of the successful examples in the world are good ones. The examples of Japan, Korea, and Taiwan are examples in economic terms, naturally. Certainly, we must add to them the exercise of democracy which, in those countries, is still rather imperfect but which is improving. The example of Chile is a successful one in economic terms, although in the democratic aspect it is imperfect from our point of view. The example of all of the Western countries, without exception, is successful. Those are the examples which we must take into account. They have many systems, each one different from the other. However, they have a common denominator: free enterprise, a democratic society, a liberal orientation, the tradition of culture and freedom, and the tradition of Western culture of which we are a part.

[CARETAS] Is there a liberal tradition in the Asian countries?

[Vargas Llosa] They have liberal economic policies.

[CARETAS] In Taiwan and in Korea it was not possible to go out on strike. However, in strictly economic terms the experience of those Asian countries, including Japan, is that of a state which sets out a very specific development strategy, within which are policies very favorable to private enterprise, so that a private firm will occupy a predetermined position.

[Vargas Llosa] That is true. What all of those countries have in common, despite the existence of many differences between them, is that the governments encourage and help private enterprise in a way which is very different in each country.

[CARETAS] But none of those cases, including Japan, has a liberal model.

[Vargas Llosa] It is not a completely liberal model.

[CARETAS] In those countries the state has a very active role in the economy to promote private enterprise, which includes systems of financing, the manipulation of the rate of exchange, and a prohibition on imports for many years.

[Vargas Llosa] That is the first stage. In my view those are imperfections within the system.

[CARETAS] Are they not conditions for success?

[Vargas Llosa] No. Why should they be conditions? Those are imperfections in the system, and the evidence is that today all of those systems are being liberalized very swiftly.

[CARETAS] After many years have gone by.

[Vargas Llosa] For us to discover the virtues of democracy we do not need to go through 60 or 70 years of communism, as Gorbachev is doing. We do not need to go through 35 years of a certain kind of state control to discover the advantages of economic liberty and free competition. We must go as quickly as Peruvian conditions make possible to a truly liberal economic system. That will make it possible for us to make up for lost time. For today, conditions in the world—which are not the same as they were 40 years ago—make it possible for a country like Peru to be linked to world markets. Today it is possible to do so. However, when the Asian countries began their great battle for modernization, there were still very extensive, protectionist systems which they have been dismantling little by little. That is the great opportunity which we have today. Those systems are opening themselves up to an increasing extent.

[CARETAS] World market analyses indicate that the countries of the Northern hemisphere are tending more toward being strongly protectionist.

[Vargas Llosa] I do not think so. The European Community is an extraordinary victory for the liberal outlook, for the abolition of economic frontiers.

[CARETAS] To build a great frontier around the European continent, which already prevents Argentina from selling meat to the Community?

[Vargas Llosa] I do not believe that. Those examples are deceptive. When I speak of the globalization of the economy, I think of what private companies are today. They have ceased to have any particular nationality in the majority of cases. The most efficient companies, those which have had the greatest economic success and are growing at a greater speed, are companies whose nationalities are totally fictitious. That is the great triumph of economic freedom. Those companies now have the ability to camouflage themselves in order to outwit systems of protectionism and trade barriers which, used intelligently by any country, can make it possible for them to enter even those markets which are apparently the most protected.

[CARETAS] Let us turn to the election scene. If Belmont wins in Lima, who will lose? Fredemo [Democratic Front] or Popular Action [AP]?

[Vargas Llosa] No. If Belmont wins, it will be APRA [American Popular Revolutionary Alliance] and the Left which will lose, because Belmont does not represent the policies of APRA or of the socialist alternative in any of its forms. He is a man who is in favor of free enterprise. From the economic point of view he has nothing in common with Alan Garcia or with the communists or socialists. Belmont is not my own candidate. My candidate is Juan Inchaustegui, a magnificent candidate who would be a great mayor for Lima. I am going to do everything possible so that he will win the elections. However, I believe that it would be a very serious error to think that a victory by Belmont is a victory for APRA or for the communists in Peru.

[CARETAS] That is true. However, if Inchaustegui were defeated, the question is whether Fredemo or the AP would lose.

[Vargas Llosa] If Belmont wins, a group of independents, who are his basic support, will win. They support Belmont for his personal charm, because he is a person well known on TV, for his telethons, and because the Peruvian people are evidently a little tired of traditional politics and politicians in this country. That is one of the dramatic factors of the crisis. It is not something which makes me very happy. I believe that the political parties in Peru must renew and must modernize themselves, because they do not fit in very well with the present situation. Nevertheless, I believe that it is very dangerous for a democracy to have a generalized feeling of disenchantment with the political parties.

[CARETAS] But your emergence as a politician is fed by the disenchantment of the people for professional politicians. There is a kind of involuntary relationship between Belmont and you. Both of you benefit from this disenchantment with the political parties.

[Vargas Llosa] But no one can accuse me of having devalued the political parties in Peru. I have set up a coalition, fighting against enormous resistence, to unite the political parties. And I have given a certain force to the political parties in this election campaign. So if there is someone who believes in the political parties in Peru, it is I, despite the fact that I am very independent.

[CARETAS] However, what would the defeat of the Fredemo candidate for the position of mayor of Lima mean?

[Vargas Llosa] I cannot think about that possibility, because I am not an impartial observer or analyst in this election campaign. I am a participant in it. I have a candidate for the position of mayor from the Democratic Front which I formed and for whom I am fighting. As a result I do not wish to accept that possibility. In my view Juan Inchaustegui is not only a good candidate but is a candidate who should win. We must do everything possible to make that a reality.

[CARETAS] Let us turn to the parties of the Left. You have supported the proposal of Henry Pease.

[Vargas Llosa] Calling for a march on the day when the Sendero Luminoso [Shining Path—SL] has called for a general strike is an act of courage and affirmation for the democratic system. I have congratulated him publicly, and I am going to march with him, because it seems to me that that is an attitude which calls for support and solidarity.

[CARETAS] Does this fact and the fact that there has been a division in the Left behind two candidates convince you that a change in the Left is taking place, or do you believe that no such thing is happening?

[Vargas Llosa] There is a crisis in the Left. That is clear. In my view this crisis is a Peruvian reflection of the crisis of socialism in the world. Marxist socialism has begun a process of dissolution. Communist societies themselves are entering a process of decay, radical reform, and a review of the failure of the model to create prosperity and bring social justice. And in those societies there is a reevaluation of liberal democracy and of those values which communism was created to overcome and denounce. It was impossible that the Left in Peru would not bear the marks of this process in any way. It seems to me that this is what is happening. Unfortunately, there is no creative solution for the problem. There is still a kind of ideological dead weight which keeps the Peruvian Left from letting this happen in any significant manner: that is, recognizing from the ideological and cultural points of view the great failure of the model and the responsibility which they have for the great Peruvian failure. Then there is a possibility that out of this process of death, as Unamuno might describe it, there will emerge a renewed Left and that a great social democratic force will arise in Peru. I wish it would. I think that that would be very good for the future of democracy. I wish that the future of democracy would lie in two great forces which would represent a social democratic and a liberal alternative. The existence of that tension, or those two forces which could effectively reach a kind of implicit agreement within the democratic system could give Peru an extraordinary amount of dynamism for development.

[CARETAS] Are you thinking of that possibility in terms of Barrantes, or would he only be a part of the death process?

[Vargas Llosa] I think that, personally, Barrantes is a respectable man. However, from the political and ideological points of view I really find no justification for the way in which he has been acting. It seems to me that his attitude and his purposes have recently been almost exclusively a matter of political opportunism. He has tried to obtain some support and develop some forces which have seemed important to him, totally ignoring ideological and even ethical reasoning. I do not think that such behavior could represent in any way a creative solution for the crisis of the Left. That effort could be undertaken by the people in ASI [Socialist Accord] and Senator Bernales.

[CARETAS] Could you draw a parallel between that effort at renovation and what the Liberty Movement is doing in Fredem, that is, an attempt to renew political thinking alongside two parties which represent the past in political terms?

[Vargas Llosa] Within those parties there are clearly forces which are in favor of modernization. There are political figures and people who are making creative use of the experience of the last few years. I hope that Fredemo will evolve until it turns into a great liberal force in Peru, overcoming the conservative features which are so much dead weight for our country.

[CARETAS] And which are there, within Fredemo?

[Vargas Llosa] Yes, of course. They exist not only in the other political parties. They also exist in the Liberty Movement. We also have our conservatives and our merchantilists who are going to slow things down on behalf of the interests which we are going to have to confront if we really wish to make changes if we come to power.

[CARETAS] Another challenge will be pacification. You have stated on several occasions that Sendero Luminoso is only a handful of fanatics.

[Vargas Llosa] They amount to a few, small groups. Sendero Luminoso is not a mass party. It includes a few thousand Peruvians in a country of 21 million people. They want to destroy a system which has the support of the immense majority of Peruvians. I have no doubt of that.

[CARETAS] The diagnosis is a key factor in an efficient, pacification strategy. Has this situation of economic chaos, of social fragmentation or dissolution, and the

existing disillusionment after 9 years of almost unproductive democracy—has this made it possible for Sendero to count on a favorable attitude on the part of some of the people or at least made them ready to display neutrality toward it?

[Vargas Llosa] No. The violence and the crimes of Sendero and the fear which it provokes are a kind of antidote which fortunately is still not present in democracy, despite the fact that democracy has been unable to satisfy any of the great social and economic aspirations of the Peruvian people. Of course, the monstruous economic crisis of the last few years and the impediments in the way of solutions to it, of improvements, of recovery for the people affected have seriously undermined the foundations of democracy. What is extraordinary, in my view, is that the devotion to democracy on the part of the Peruvian people, despite all of that, continues to reflect the attitude of the immense majority. I hope that these elections will prove this.

* MRTA Leaders Captured in Cajamarca

90ET0037A Lima EL COMERCIO in Spanish 15 Oct 89 p 14a

[Text] Special Police [Policia Tecnica—PT] in Cajamarca dealt a hard blow against subversion by breaking up the regional committee of the Tupac Amaru Revolutionary Movement (MRTA) in the northern part of the country, as a result of the capture of 12 members of one of its top organizational units, which was operating in that region of the country.

According to information from departmental headquarters in Cajamarca, in the course of this operation several leaders of the MRTA from the Departments of Cajamarca, La Libertad, and Chimbote were captured.

They were found in possession of dynamite, home-made bombs, "quesos rusos" [plastic explosive], detonators, and other explosives. Also seized were revolvers, pistols, and breech-loading shotguns, in addition to propaganda leaflets, posters, pamphlets, and pieces of red cloth used as flags.

In addition, video cassettes were seized containing terrorist propaganda, some of which called on the people not to participate in the forthcoming elections. Other video cassettes contained material aimed at recruiting new members. Additional items seized included medicines and surgical instruments.

According to preliminary investigations, the persons arrested reportedly participated in more than 20 dynamite attacks against public and private organizations. They also are reported to have extorted up to $8,000 each from well known businessmen and industrialists in the area.

Arrests Assisted by Intelligence Information

This important capture of terrorists is the result of a series of intelligence operations and a detailed followup carried on by personnel of the departmental headquarters of the PT in Cajamarca.

To accomplish this capture, several houses and centers for indoctrination and training of the "Tupacamaristas" [members of the MRTA] were previously demolished. In the course of these operations the PT succeeded in capturing a large quantity of weapons, munitions, explosives, subversive propaganda, and notes on "future actions."

The well coordinated police planning process was a complete success. The police succeeded in capturing a number of the principal terrorists in this area, among whom were political and military figures as well as the leaders of assassination squads.

Leaders Captured

Among those captured were Gudelio Teofilo Fajardo Sanchez, also known as "Comrade Rogelio" or "Comrade Alonso," chief of the regional committee in the North; Carlos Reano Carrasco, also known as "Comrade Antenor" or "Comrade Pedro"; and Adolfo Damian Lara Mendez, also known as Leonardo Montanez de los Santos and "Comrade Calin." The latter was chief of the regional committee of Cajamarca.

Also captured were Carmen Reynaldo Cottos Morales, known as "Comrade Luis," chief of the MRTA militia; Jorge Levano Cachi Trujillo, also known as "Comrade Ricardo," a militia leader; Genaro Melendez Gonzalez, also known as "Comrade Pepe," a militia member; and Wilfredo Estanislao Saavedra Marreros, also known as "Comrade Rodrigo," a political leader of the local committee in San Marcos, Cajamarca.

In addition, the following militia members were captured: Angel Jesus Alvarado Cardenas, also known as "Comrade Viejo"; Jose Adrian Lezma Sanchez; Diogenes Lezma Izquierdo; Jose Pedro Rojas Abanto; and Jose Pedro Linares Sanchez.

The arrested subversives admitted their identities in the presence of a group of public prosecutors from Cajamarca. A police source stated that in the next few days they will be brought to Lima under strong police guard.

Venezuela

Opposition Wins Local Elections in Zulia State

PA0512235889 Paris AFP in Spanish 2248 GMT 5 Dec 89

[Text] Maracaibo, Venezuela, 5 Dec (AFP)—It has been offically reported that the main opposition party COPEI [Social Christian Party] has won the election for governor and ten mayoral posts in Zulia State. Zulia, located in the oil-producing zone, shares a border with Colombia—at the Motilones Mountain Range, Valledupar, Montes de Oca, and La Guajira Peninsula .

The first uninominal elections for governors, mayors and councilmen through open lists were held in Venezuela on 3 December.

Deputy Oswaldo Alvarez Paz "Delfi," member of COPEI—the party founded by former President Rafael Caldera (1974-1979)—was elected governor of Zulia with 43.2 percent of the votes, and was very excited by the triumph; he announced his intention to win the presidency in the 1993 elections.

After counting votes at 190 voting centers, and with only 46 pending, COPEI won mayoral posts in Caracas, Maracaibo, Santa Rita, Baralt, Lagunillas, Catatumbo, Villa del Rosario, Machiques, Urdaneta, Mara [words indistinct] Jesus Enrique Lossada.

Fernando Chumaceiro was elected Maracaibo mayor with 106,899 votes.

Arcadio Chirinos, member of the Maracaibo Municipal Electoral Board, said that thus far COPEI has 41 percent of the votes. The ruling social democratic Democratic Action Party obtained 27 percent of the vote, and the Movement Toward Socialism—the third political force in the country—got 23 percent.

Ruling AD Loses Elections; 'Corruption' Blamed

PA0612025789 Paris AFP in Spanish 0141 GMT 6 Dec 89

[Text] Caracas, 5 Dec—Hector Alonso Lopez, deputy secretary general of the ruling Democratic Action Party (AD—social democratic), today announced he has proposed the collective resignation of the party's National Executive Committe (CEN) in view of Sunday's electoral defeat.

In the first direct Venezuelan elections for governors, city mayors, and councilmen through open lists, AD lost 8 governorships—including the three most important states: Miranda, Zulia, and Bolivar—143 out of the 269 mayoralties, and 850 out of the 1,963 council seats, according to the opposition parties, and this has not been denied.

"We must collectively resign because of the errors we have made and because it was the AD people themselves who defeated us on 3 December," Lopez said today during a television program.

The leader critized former Interior Minister Jose Angel Ciliberto, who was purged from AD because of scandals over vehicles, purchased with secret funds from his office, that were used during the 1988 electoral campaign, and over $300,000 that disappeared. "That deprived us of an incredible amount of votes," he emphasized.

Analysts agreed that the AD's terrible defeat and the alarming abstention rate (between 60 and 80 percent) was a result of the multimillon-dollar corruption scandals about granting subsidized dollars during Jaime Lusinchi's administration (1984-89) and the "shock" economic program of the incumbent, Carlos Andres Perez.

On 29 November, the Higher Court for Protecting Public Resources [TSS] ordered the arrest of nine former officials of the Lusinchi government for "embezzlement of funds." The nine include former ministers of finance Manuel Azpurua and Hector Meneses, who is also a former development minister, and former planning minister Modesto Freites.

The only one who turned himself in is Freites, candidate for governor of Guarico State, who voted on Sunday with a special permit and won the election. Lopez emphasized that this judicial ruling was decisive in the electoral defeat of AD.

"I prefer to curse. [as heard] There are some people who discredit us, and I prefer for them to leave us. Later, we could start again, because faith will be restored," the leader insisted.

"The only way to legalize the party leadership is to convene party elections, so that the rank and file can choose who will be the leaders. We cannot continue to follow the traditional scheme of party conventions, of one small group for the benefit of certain people who will occupy specific positions," he said.

"As leaders, we have lost touch with the people's situation," he concluded.

Suriname

Shankar Condemns Terrorist Attack on Kraka Post

FL0512210489 Paramaribo International Service in English 1730 GMT 5 Dec 89

[Text] President Ramsewak Shankar yesterday evening announced that the government has ordered the National Army and the Police Force to act firmly against anyone who disturbs the peace process in the country. The president has stated that the government has no other alternative because it can't keep on talking for ever.

President Shankar, who delivered a television speech yesterday evening, has condemned the terrorist attack on the military post at Kraka. During the attack by white mercenaries yesterday morning seven soldiers were killed, six others seriously wounded, and two others missing.

According to the president, the terrorist action has a negative influence on the peace process in Suriname, and the government has no other choice than to act firmly.

Brunswijk Denies Responsibility

FL0512221489 Paramaribo International Service in English 1730 GMT 5 Dec 89

[Excerpts] Terrorist leader Ronny Brunswijk has yesterday told the daily DE WARE TIJD that he is not responsible for the attack which was carried out on the military post at Kraka yesterday morning. [passage omitted]

Brunswijk said that he had not given orders for these actions and referred to them as an attempt to frustrate the discussions between himself and Army Commander Bouterse.

The Military Authority in the meantime stated that about 40 heavily armed English-speaking white mercenaries were involved in the action.

The terrorist action is suspected to have been carried out with the knowledge of, among others, the French authorities, according to a member of the Military Authority. He told our newsroom this morning that the National Army has already carried out operations against the white mercenaries.

The operations were ordered by President Ramsewak Shankar who yesterday stated that the government will act firmly against those are trying to disturb the peace process.

Guerrilla, Army Leaders Meet, Explore Peace

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[Report by Wim Noordegraaf and Elly Wempe]

[Text] Paramaribo—The first meeting between Surinamese guerrilla leader Brunswijk and army leader Bouterse was positive according to Bouterse. Brunswijk and Bouterse met on 23 November on a motor launch on the Commewijne River 40 km from Paramaribo.

The decision to meet was reached in the greatest secrecy. It only became known after Surinamese television broadcast a short statement made available by the army. In Puerto Rico Brunswijk's spokesman, Hirschland, said that the meeting took place in a "moderate, reasonable atmosphere."

"There have still not been any negotiations; I have not asked the government for a mandate for that," Bouterse said after reporting to President Shankar. "We have embarked on a series of exploratory talks, in which a spirit of confidence must be rebuilt. Relations between the various tribes and population groups in the interior are sensitive. We have to learn from our tactical mistakes."

"The pace has been too great," the army leader said. "You have to understand the people. A slip now and then is no problem. But you must not end up in a wheelchair." Bouterse was unwilling to say whether he included the Kourou peace accord reached by the government as among the "tactical mistakes."

Bouterse hopes to hold talks soon with Indian leader Commander Thomas. "The government must decide about military action against the Toukayana Indians. But it may not be necessary. People often think that things can be resolved through the use of guns. But if you want to talk and you prepare these talks well, it is possible to reach agreements."

During the preparations for the talks with Brunswijk the army leader followed the correct procedure. After he announced that he had accepted Brunswijk's invitation, Bouterse did not make a move without first seeking government approval. The National Assembly also expressed its approval of the talks between the two commanders.

After repeated warnings against it, Bouterse formally accepted the Kourou peace accord with Brunswijk. But it is assumed in Paramaribo that during his "exploratory talks" Bouterse wanted to see to what extent Brunswijk was adhering to the accord. Space did not seem to have been left in his delegation for the advisers who were at his side when the Kourou peace accord was reached.

Stanley Rensch's Moi Wana 86 human rights organization sees nothing to be gained from talks with Bouterse. "The desire for peace is so strong that we are becoming irrational," the organization writes in its newsletter. "If Bouterse really wants a solution to the immense problems into which he has plunged this country, then the only step for him to take is: resign his post and present himself to the judicial authorities."

According to Bouterse, Rensch has tried to frustrate the talks between him and Brunswijk. Bouterse was unwilling to say when he will meet Brunswijk again. "The next meeting will also be a quiet one. That is good. Afterward you will hear about it," Bouterse said.

According to Brunswijk spokesman Hirschland it has been agreed that during the talks all fighting will cease. Even the Toukayana Indians will refrain from hostilities—something that Bouterse has guaranteed.

Hirschland hinted that Bouterse could eventually agree to separate spheres of influence. "As I have understood it, Bouterse has no objection in principle to the Jungle Commandos becoming part of the National Army. Commander Brunswijk could agree to this on the condition that he and Bouterse would both report on equal terms to the president. No agreement has been reached on this as yet, but it has been discussed."

This would mean that Bouterse would retain his influence over Nickerie, Paramaribo, and the Tafelberg region, "where the cocaine laboratories are," as Hirschland put it. According to Hirschland, at the talks Bouterse admitted "that he bore the military responsibility for the murders in the interior, although he did not give orders for such actions."

Hirschland said that the autonomy of the interior must be restored so that the four chief headmen can form an administration in cooperation with the government in Paramaribo. The security of the inhabitants of the interior can then be guaranteed by allowing the Jungle Commando to remain the armed force in the interior, Hirschland said.